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October 23, 2007

College Costs Outpace Inflation Rate

By JONATHAN D. GLATER

Tuition and fees at public and private universities have risen this year at more than double the rate of inflation, with prices increasing faster at public institutions, the College Board said in reports released yesterday.

These increases in the cost of higher education continue to drive up the amount that students and families borrow, with the fastest growth in private loans, the reports found.

Tuition and other costs, not including room and board, rose on average to \$6,185 at public four-year colleges this year, up 6.6 percent from last year, while tuition at private colleges hit \$23,712, an increase of 6.3 percent. At public two-year institutions, average tuition and fees rose 4.2 percent to \$2,361.

Last year, tuition and fees at public institutions rose 5.7 percent; at private ones, 6.3 percent and at public two-year institutions, 3.8 percent.

"The average price of college is continuing to rise more rapidly than the consumer price index, more rapidly than prices in the economy," Sandy Baum, a co-author of the report who is a senior policy analyst for the College Board and a professor at Skidmore College, told reporters at a news conference yesterday.

Ms. Baum added that the prices "are probably higher than most of us want."

Those price increases reflect increases in the sticker price that colleges advertise, though, Ms. Baum said, the average student does not pay that full amount. At public universities, the average student gets about \$3,600 in grants and tax benefits, lowering the actual cost to around \$2,600. At private institutions, aid totals about \$9,300, bringing the cost to \$14,400.

But even the net price, after taking into account grants and other forms of aid, is rising more quickly than prices of other goods and than family incomes. In recent years, consumer prices have risen less than 3 percent a year, while net tuition at public colleges has risen by 8.8 percent and at private ones, 6.7 percent.

The changes in tuition at public institutions closely track changes in financing they receive from state governments and other public sources, the report found. When state and local support for public colleges declined over the last seven years, tuition and fees rose more quickly, and as state support has grown of late, the pace of increases fell, it said.

"We hope that state governments — which really set tuition prices at most public colleges and universities — will do their part to reinvest in higher education," David Ward, president of the American Council on Education, said in a statement released by the College Board.

Private loans, those not guaranteed by the federal government, continued to be the fastest-growing form of borrowing, totaling more than \$17 billion in the 2006-7 academic year. In the same period, students and their families borrowed \$59.6 billion in federally guaranteed loans.

The report also included data on loans by full-time students at for-profit institutions, finding that in 2003-4, they took out an average of \$6,750 in loans, approaching the \$7,320 borrowed by students at private colleges and exceeding the \$5,390 borrowed by those at public four-year institutions and \$3,180 at public two-year ones.

"College officials tell us not to worry because there's plenty of financial aid," said Robert Shireman, executive director of the Project on Student Debt, a nonprofit organization financed largely by the Pew Charitable Trusts. "But that aid is clearly not going where it's needed, because student debt is up by an even greater margin than tuition — an 8 percent increase from 2005 to 2006, by our accounting."

The report prompted Representative George Miller, Democrat of California and chairman of the House Committee on Education and Labor, to pledge to try to "rein in" tuition increases. Mr. Miller added, "Making college more affordable and accessible for all qualified students is a top priority."

Last year the average Pell grant, the federal government's grant to the neediest students, declined for the second year in a row, after taking into account the effects of inflation. Ms. Baum, the economist, said she expected that decline to stop because Congress recently enacted increases in the maximum amount of the grant, which held constant at \$4,050 for four years but will rise to \$5,400 over the next five years.

The College Board's study drew on responses from 2,976 institutions to questionnaires sent out last October, as well as government agencies and organizations like the National Association of College and University Business Officers.

According to the study, the cost of room and board has also continued to rise and at many public colleges dwarfs actual tuition. At four-year public institutions, tuition, room and board on average now total \$13,589; at private colleges, \$32,307.

Ms. Baum emphasized that while the College Board reports provided information on the general cost of higher education, costs varied around the country as well as at different kinds of colleges.

"The average numbers don't tell the story for any individual student," Ms. Baum said.

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**A NATIONAL DIALOGUE:
The Secretary of Education's Commission
on the Future of Higher Education**

ISSUE PAPER

*Sixth in a series of Issue Papers released at the request of Chairman Charles Miller
to inform the work of the Commission*

Frequently Asked Questions About College Costs

Robert C. Dickeson

Summary: A great deal is written about rising college costs and the impact this phenomenon has on accessibility. Yet the specific cost drivers – the major factors that induce institutions to spend (and charge) more are often neglected. Such factors are usually hidden from public view. This paper identifies the major cost drivers in higher education and responds to typical questions about what's being done – and can be done – about managing college costs and improving affordability.

1. Why does college cost so much?

- Colleges are labor-intensive.
 - a. On average, 75 percent of the costs to run a college are related to personnel expenses, including benefits. Thus, all the costs that any enterprise has to recruit and retain staff, pay cost-of-living increases and keep up with rising health care expenses also are paid by colleges and universities as a part of doing business.
 - b. Faculty salaries are especially expensive, particularly in high-demand subject-matter areas, like business and engineering. Colleges compete with each other (and sometimes with the private sector) for "top" faculty, and occasionally make financial commitments to faculty beyond salary: for time off from teaching to conduct research; for graduate assistants to help with research; and for laboratories or other expensive equipment to facilitate research. Decisions about who to add as a faculty member can cost significant dollars.
 - c. Colleges do not always have control over their personnel expenses. Some states require that public institutional employees be covered by the state's civil service system and its wage rates, administrative regulations and dismissal policies. In some public systems, faculty union contracts are negotiated at the state or system levels, and are not controlled by individual institutions.
 - d. The time-honored practice of tenure is costly. Tenure was originally conceived as a means to protect "academic freedom." It has evolved into a system to protect job security. A combination of institutional practice and emerging case law has resulted in a situation where institutional flexibility is reduced in two key ways. First, if student demand for academic programs shifts, faculty capacity to deliver it cannot. Tenured faculty members are not interchangeable parts (a physics professor can't usually teach journalism, and vice versa). Second, it has become increasingly difficult for college administrators to remove a tenured faculty member

who is no longer effective. Thus, the decision to tenure has an accompanying long-term price tag that easily exceeds \$1 million per person.

- Colleges are subject to some expenses beyond their control.
 - a. As with all enterprises that maintain buildings, colleges are subject to increases in utility costs that often exceed budget plans. For campuses with expanded physical facilities and buildings that may not be energy-efficient, this factor can be fiscally crippling.
 - b. Some states require their public colleges to use state agency services, such as central purchasing, that may not be cost-effective. In other cases, contracting-out for non-mission-critical services (outsourcing) is impermissible.

- Colleges are highly regulated.
 - a. Federal regulations impose additional costs on college budgets. These unfunded mandates include significant expenses in administering federal financial aid, admission of foreign students, and conduct of research. There are also extensive reporting requirements. As many as 12 different federal agencies impose regulations on colleges, and most of the requirements are neither coordinated nor paid for.
 - b. State regulations vary by state, but may impose costs on public and – where independent colleges receive state support – private institutions. These rules range from travel policies to teacher education certification to preferred contractor mandates, and usually include extensive, and often redundant or overlapping, reporting requirements.
 - c. Many universities are like small-to-medium cities in size and scope. They may be involved with delivering health care, food service, child care, housing, police and fire protection, and other services that are subject to local regulations and licensure requirements.

- Colleges are not managed with *efficiency* as the primary value.
 - a. Colleges maintain large physical infrastructures that often include libraries, computing centers, academic and student-oriented buildings, power plants, research facilities, theatres and stadiums. This infrastructure is rarely used to capacity. Typically facilities are used only eight-to-twelve hours a day, five days a week, for less than 52 weeks per year. The necessary repairs and maintenance costs to keep the infrastructure sound is usually deferred as too costly for current-year budgets, and the resulting cumulative impact across all institutions of higher education nationally is in the multiple-billions of dollars.
 - b. To understand the management of a college one must understand the unique culture and extraordinary power of the faculty. To many faculty, they *are* the university. This tenet explains a number of practices that distinguish college management from most other forms of management. Among these practices are: the keen importance of *process* in undertaking decision-making on campus, a factor that explains the slow-moving pace of change that characterizes most institutions; the assumption that the faculty “own” all curricular decisions, and the concomitant reluctance to challenge that authority

when meaningful reform is indicated; the crucial importance of tenure to the academy, and the corresponding result that many academic departments across the country are "tenured up," with all faculty members tenured, thus limiting institutional flexibility; three-fourths of the operational management decisions of a campus are made by academic department chairs, who are neither trained in nor committed to management, and who typically rotate in and out of these key posts from the faculty ranks; the primacy of *research* over *instruction* as the key to the internal reward systems (hiring, salary, promotion and tenure); the continuing pressures for faculty members to teach less and research more, resulting in a growing trend toward more "released time" (one is released *from* teaching) that becomes a growing college cost issue; and the common practice of making necessary budget cuts "across-the-board," since that approach is seen as more politically feasible than identifying relative budget priorities.

- c. It is typical for colleges to add new programs – academic, administrative, and student – without corresponding cuts in existing programs. This additive approach has profound implications for institutional budgets: each program receives relatively less as the size of the overall budget pie stays essentially the same; each program seeks out additional financial resources to supplement institutional budgets; and institutions do not regularly reallocate scarce resources among programs from lower to higher priorities.
 - d. There is little relationship between the costs of offering a program and the price charged for it. Through a system of internal cross-subsidies, students pay the same amount for a high-cost as a low-cost program; and freshmen pay the same amount as seniors, although there are significant cost differences among these choices.
 - e. No program receives more internal subsidization than intercollegiate athletics. Almost all athletic programs across the country are not self-supporting, and thus add to college costs.
 - f. Internal mistakes are expensive. Across the country are hundreds of examples annually of judicial awards and countless other out-of-court settlements to compensate for administrative errors in personnel cases such as breach of contract, invidious discrimination, and sexual harassment.
- Colleges measure "quality" by purchasing expensive inputs.
 - a. Colleges compete with each other for students with high academic characteristics so as to raise the institution's academic profile, and, by inference, its reputation. The most rapidly-growing portion of the budget of private colleges is *Scholarships and Fellowships*, as schools increasingly discount tuition at great cost so as to attract students. Ironically, this aid is paid for by cutting the *Instruction* portion of the college's budget. Colleges spend far more to recruit a student than to retain a student.
 - b. Colleges compete with each other for faculty members with distinguished research records so as to raise the institution's academic profile and, by inference, its reputation. Bidding wars to attract and retain high profile faculty members add to college costs.

- c. Colleges often seek specialized accreditation in select academic fields as another proxy for quality so as to improve institutional reputation. Achieving specialized accreditation is always costly.
- Colleges rely on a limited set of sources for their funding.
 - a. The primary sources of revenue for colleges are: government support; tuition and fees; gifts, grants, and contracts; auxiliary income; endowment income; and other income.
 - b. To the extent that any of the other sources shrink or contract, the difference is met by increasing tuition and fees.
- Student demand can be expensive.
 - a. Students are seeking degree programs that are costlier than ever before (engineering costs more as a major field of study than speech, for example, and incoming students are 83 times more likely to prefer engineering to speech).
 - b. Students demand more services and amenities (parking garages, computer network access, e.g.) and colleges respond by offering them.
 - c. The sheer number of students attending college has increased dramatically and therefore the costs of meeting that demand have increased. This increase affects institutional, federal and state investments in higher education. The percentage increase in full-time-equivalent enrollment in public postsecondary institutions since 2001 has already outstripped that of the previous two decades.
- Other factors affect costs.
 - a. Student and family *willingness* to pay sometimes exceeds *ability* to pay. Many institutions factor this market demand element into their price-setting practices.
 - b. Many institutions admit students who have scant promise of collegiate success. The resultant costs for remediating these students is significant and the dropout rates are high.
 - c. Some institutions use revenues generated from tuition and fees to pay for expenses that are not related to direct educational expenses.
 - d. Some four-year institutions make it difficult for students transferring in from two-year colleges to use college-level credits earned. This practice costs both students (who sometimes pay twice for the same course) and the state and federal governments (which subsidize the course work twice).

2. Why do community colleges cost so much less than traditional four-year colleges?

- Community college instructors are typically not tenured, nor are they full-time. Over 60 percent of the instruction at community colleges is conducted by part-time instructors, who cost less.

- If there are insufficient numbers of students to financially justify a class being offered, it is usually cancelled.
- Community colleges typically do not engage in research. Thus there is no expectation that faculty conduct, or get released time away from teaching to conduct, research.
- Community colleges typically prioritize their programs more readily, and are more likely to operate on a business model: conducting market research to determine consumer demand, and dropping programs that don't prove to be efficient or effective.
- Physical infrastructure at community colleges is primarily focused on delivering instruction, and is less likely to include research facilities, residence halls, and large athletic facilities.
- Community colleges are more likely to make fuller use of their teaching and physical capacities: offering courses when students need them, not when faculty want to teach them; and offering courses and services at nights and on weekends, in order to appeal to non-traditional students.
- Many community colleges generate additional contract revenue by delivering specialized courses needed by business and industry.

3. What are colleges doing about the problem of high college costs?

- Most institutions have shifted their teaching faculty resources from fewer full-time to more part-time instructors. Part-time instructors cost the institution less as salary and benefits expenses are materially reduced. There is a debate about whether this approach affects the quality of instructional delivery and student advising.
- A few institutions have reduced their reliance on tenured faculty by offering multiple-year contracts in lieu of tenure, and by instituting post-tenure review policies to weed out what some faculty call "dead wood."
- Most institutions make cuts in several budget expense lines (travel, equipment, library materials are typical categories), defer certain expenses, defer program additions, or make other adjustments to balance expense expectations with revenue realities.
- Some institutions outsource non-mission-critical functions in order to save money (food service, security, health care, etc.).
- Some institutions enter into cooperative service delivery agreements or joint purchasing contracts with other institutions in their geographic area.
- Some institutions prioritize their academic and service programs, and reallocate resources from lower to higher priorities.
- Some institutions undertake reviews of costly administrative processes and thus reduce expenses by gaining efficiencies and benefiting from more sophisticated cost-accounting systems.
- Some institutions increase class sizes, particularly at the lower-division (Freshman/Sophomore) levels so as to provide smaller class sizes for upper division (Junior/Senior) and, in some cases, graduate and professional school levels.
- Some institutions try to generate additional revenues from other sources instead of – or in addition to – tuition and fee increases. These sources include increased user fees, fund-raising, and other income-generating activities. Some institutions try to build on their endowments, but in tight fiscal times there is increasing pressure to spend gift dollars on current-year needs. Most of the money raised by colleges and universities is restricted by

the donor to specific purposes which may or may not give the institution the latitude to use the funds to reduce tuition and fees.

- Some institutions are cooperating with secondary schools to offer dual enrollment programs, accept Advanced Placement, International Baccalaureate and College Level Examination Program credits, and work with schools and community colleges to facilitate ease-of-transition to college. These programs save students significant dollars in achieving a college education.
- Some institutions permit scholarship donors to use their gifts as last-dollar, rather than first-dollar awards, thus encouraging donors to help lower college prices for students.
- Some institutions are making their pricing structures and award patterns available for public scrutiny, thus reducing the mystique associated with college price and thereby increasing public credibility.

4. What are some "hidden costs" that campuses should take a look at?

- The minimum number of faculty members that constitutes a "department." Institutions often confuse an academic "discipline" with a "department." A department is an administrative unit of the organization, and does not have to be populated exclusively by one academic discipline. Separate departments can be costly: administrative support, space, printed materials and other expenses can add up. One- or two-person departments can hardly be justified in times of scarce resources. Many institutions across the country combine two or more academic disciplines into one department.
- The minimum number of graduates to sustain a major. Institutions often list in their catalog offerings a wide range of academic majors for marketing purposes. There is little justification for some of these listings. A candid review of actual program graduates will reveal that the college is keeping on the books certain major offerings with few- or no participants. This practice is costly: maintaining faculty, space, equipment and library holdings to sustain a shaky program diverts precious resources away from more viable programs that are key to the institution's future.
- The number of credit hours for a major, for general education, and for electives. In a time of scarce resources, offering departments will often inflate the number of hours required for a major, in order to attract more credit hours generated, thus "justifying" the number of faculty positions required to be sustained. Such departments often use supposedly "academic" arguments to support these ploys. With the exceptions of accountancy and engineering, there is no academic justification for extending the baccalaureate into a fifth year. A review of college catalogs nationally will reveal the politically successful programs, where "major creep" has expanded to approximately half of a four-year degree program. The baccalaureate degree program typically is constituted of one-third major, one-third general education, leaving one-third for a minor and electives.
- Abuse of released-time. In general, and for all types of institutions, faculty teaching loads have diminished over the years. When we calculate a "full-time-equivalent student" or FTE student, we count students taking 15 credits per semester (or the proportionate numbers on a quarter system). The same approach is used for calculating an FTE faculty member, i.e., one who teaches 15 credits per semester. In the past, most teaching faculty indeed taught that amount per semester, and 15 credits was considered the standard "faculty load." Over the years, and for a variety of reasons, the concept of "released time" was

instituted: the practice of reducing the teaching load of an individual faculty member in order to be released to perform other institutional duties. Colleges and universities negotiate and then grant released time to faculty members for such things as: advising students and student organizations; planning curriculum projects, such as new courses or new programs; conducting research; and taking on administrative duties, such as chairing a department or chairing the faculty senate, or other projects and duties that can be negotiated. By so doing, faculty teaching loads are reduced to 12, or nine, or six, or, in some cases, three or even zero credit-hour responsibilities. The widespread phenomenon of released time has led to situations on many campuses that are indeed costly. In all cases, the use of released time results in: (a) larger class sizes for students; (b) increased costs to the institution; and (c) identification of teaching as a lower institutional priority, something to be "released from." The cumulative released time on any campus would equate to a significant number of FTE faculty positions, adding up to a sizable cost.

- The ratio of full-time to part-time faculty and staff members. Not every position needs to be filled with a full-time person. Campuses should evaluate their ratios of full-time to part-time faculty and staff members, balancing the multiple factors of quality, student demand, and efficiency.
- Redundancy of courses offered in competing programs. Thorough program review across the institution may reveal several redundancies in course offerings. Typical examples include writing or mathematics courses offered in departments outside English or Mathematics. The reasoning behind these redundancies is often more historical/political than logical, and results in unnecessary costs. Institutions should review the incidence of unjustified redundancies and eliminate this practice.

5. What are some alternative models to traditional college delivery that are available?

- Proprietary, for-profit schools, sometimes called "career colleges," are gaining in popularity, particularly among adult learners. For-profit schools use a business model to deliver higher education. Almost all faculty are part-time, thus lowering costs. Only programs for which there is demonstrated demand are offered, and they are offered at times and places convenient to the students. There is little capital outlay for high-expense items, such as libraries or football stadiums. There is no research function or public service function. The curriculum is fixed, the outcomes are measurable, and teachers are held responsible for results. The reward structure for these institutions is directly related to student success. There is a fundamental model shift in organizational expectations to "What's it going to take to satisfy students?" from the traditional, "What's it going to take to satisfy faculty?"
- Rio Salado College (Arizona) is a community college that offers an alternative model of promise: A college setting "without walls," as all instruction is delivered on line; a small core faculty who do not teach students, but instead develop a fixed curriculum and teach part-time instructors to teach on line; a student-friendly scheduling system with 26 start-times per year and go-at-your-own-learning pace options; 24-hour student services available on-line and through pagers; rigorous content demands and testing for learning outcomes; and unlimited growth potential for expanding the model world-wide.
- More and more institutions are getting involved in distance-learning opportunities. Some of the best distance-learning options appear to be quite promising in terms of expanding

access and reducing price. It is also safe to say that quality issues are as yet unresolved, program development costs are quite high, and accreditation issues remain. Currently-enrolled college students are more likely to earn distance learning credits than any other group. However, as such students take a full load of credits at one institution, and enroll for additional credits on-line from other institutions, they are able to reduce the time (and cost) of completing their degree goals. [I met a student recently in North Carolina who was simultaneously enrolled, on-line, in four different institutions]

6. Why is it taking longer for students to complete a four-year degree?

- Courses that students need for degree completion are not always offered in the sequence or at the times that students can take them. Some institutions do not schedule courses on a student-demand basis, retaining instead a faculty-driven scheduling system.
- A large number of students are admitted who are not academically prepared for college. Thus the time – and costs – of remediating them can be extensive.
- Most students work part time to help pay for the high costs of college. As more and more time is spent working, less time is available to take courses, and student load averages per term are dropping.
- Some institutions have permitted some of their academic departments to add to the degree requirements beyond what can reasonably be accomplished in four years.
- Many students, due to bad advising or simply changing their minds, switch majors mid-stream and discover that some credits already achieved will not count in a different major. A few students seek dual majors, and this adds to the total number of credits required to satisfy the total requirements.
- A few majors – engineering, accountancy – and some intern programs have evolved over time into five-year degree programs.

7. What are some factors that affect the states' role in supporting higher education?

- All public budgets are subject to the impact of economic cycles. State government budgets are directly related to revenues the state can generate. To the extent that a state's economy suffers or flourishes, the state's budget for any state service (including public higher education) suffers or flourishes.
- Budgeting is about values. Higher education is but one of many allocational rivals seeking state budget support. Rivals include K-12 education, corrections, health, welfare, highway construction and maintenance, government services, and state payments to Medicaid, among others. Higher education generally has slipped in the relative priorities among allocational rivals for the past 20 years. There are several theories about why this has happened: (a) operating on the principle of who benefits/who pays, states may have passed along a greater share of cost to students on the "user-fee" assumption that it is the student who will benefit from the education and therefore the student should pay more for it; (b) state officials are increasingly frustrated about institutional performance and the perceived lack of institutional accountability ("What are we getting for our dollars?") and may have penalized institutions accordingly; (c) there may be a perception that institutions don't need the money, based on the success that some institutions have had in generating additional non-government resources and the headlines that report successful billion-dollar

fund-raising campaigns for a handful of schools; (d) state officials may also believe that students and families are willing to pay a higher price for a desired commodity and the market rate for college should therefore float to a market level; and (e) some state officials believe government is involved in too many enterprises and – public higher education being seen as a part of government – should therefore be privatized.

- The states face "structural" revenue problems that require fixing if the state is to continue or increase its level of public services. Depending upon the state in question, these problems may include: an over-reliance on the property tax; the fundamental shift in the economy from the production of goods to the production of services (without corresponding changes in sales or income tax structures); increased longevity and aging demographics, with profound changes in income tax revenues (fewer people working; more income sheltered past age 65) and expenses (more people on Social Security, Medicare and Medicaid); a diminished sales tax base as consumption shifts from taxable goods to untaxed services; and policy decisions to cut taxes and avoid collecting sales taxes on mail order and Internet sales.
- There are substantial differences among the states as to the role higher education plays in overall plans for state economic development and quality of life issues. Among the many factors that affect a state's role, five key ones emerge: (a) the relative in-migration or out-migration of college-educated talent; (b) the economic base of the state and the relative perceived need for a college-educated labor force; (c) the cultural values of the state and the historic emphasis on education generally and higher education in particular; (d) the structure of higher education in the state, including the relative role of private institutions, the configuration of state-supported institutions (two-year, four-year, research), and the degree of coordination within the state; and (e) the relative wealth and tax capacity of the state.
- When setting tuition rates, states and institutions do not systematically take into account families' ability to pay. Most states do not provide student aid in amounts proximate to filling unmet needs.
- States do not routinely align decisions about fiscal policy, higher education appropriations, tuition-setting and student financial aid.

8. What are some factors that affect the federal government's role in supporting higher education?

- The federal government's role in supporting higher education is historically tied to broad, national social purposes that were seen as important to the times. The creation and support of the military academies were designed to produce an elite corps of officers to meet Department of War needs. The Morrill and Land Grant Acts were designed to improve, through land-grant colleges, the agricultural and mechanization needs of the economy and to supplement the production of college-educated officers through the ROTC program. Federally-sponsored research at universities was designed to serve public health, military and other national purposes. Training and research in the sciences to respond to the Russian Sputnik threat were justified for national defense reasons. The Higher Education Act of 1965, designed to provide access to higher education for low-income students was justified as part of the "Great Society" of Lyndon Johnson.

- Two key shifts in federal policy have occurred since 1965: The shift from predominantly grants to predominantly loans in meeting student need; and using the tax code to benefit middle-and upper-income students through tax credits, Hope and Lifelong Learning programs and Coverdell and 529 plans.
- New demands for "accountability" by the federal government can be translated into two major areas of concern: (a) institutions need to do a better job at assessing and reporting on proof-of-performance; and (b) institutions need to do a better job of making price, cost and accreditation (or other quality validations) more transparent to the public.
- Federal support for higher education now comes primarily in three ways: direct support to institutions for research, some student aid programs, and Congressionally successful pork (especially earmarks); matching support to states as incentives for aid programs; and direct support to students, administered through institutions.
- Higher education has allocational rivals at the federal level, including current demands for increasing expenditures for defense, disaster relief and homeland security.

9. Why can't higher education costs stay within inflation?

- The Consumer Price Index (CPI) is based on the proverbial "market basket" of goods and services used by consumers. It is composed of housing, transportation, food and beverages, apparel and upkeep, medical care, entertainment and other goods and services. Colleges and universities argue that it is inappropriate to use this index to evaluate the growth of tuition and fees because institutions buy different things. The market basket does not contain faculty members or library books or chemical laboratory equipment, for example.
- To rectify this situation, the Higher Education Price Index (HEPI) was created. HEPI tries to approximate the market basket for what colleges buy. It includes an analysis of faculty salaries, based on AAUP salary data and a representation of several price indexes for other commodities that institutions purchase. The HEPI has lost favor recently, primarily because the salary portion – the AAUP survey – was self-referential.
- A new index has been introduced in 2004 by SHEEO to correct past deficiencies and to offer a more valid tool for measuring higher education inflation: the Higher Education Cost Adjustment (HECA). HECA is composed of 75 percent salary data, generated by the federal Employment Cost Index (ECI), and 25 percent from the federal Gross Domestic Price Deflator (GDP-IPD) that reflects general inflation in the U.S. economy. HECA will probably emerge as the tool-of-art in the future.
- Despite the increasing sophistication of the measures, the fact remains that tuition and fees have far exceeded all three of the indexes for the past 20 years.

THE COST PROJECT

AGB An Initiative on college costs

Strengthening Board Capacity for Overseeing College Costs

By Jane V. Wellman

The United States is home to some of the wealthiest colleges and universities in the world, yet many observers inside and outside of academe believe our system of financing higher education is becoming unsustainable. Our generation faces the daunting task of providing greater opportunity, at higher quality, to more Americans than ever before, on a funding base that will be more constrained than ever. This collision of well-established trends in how our nation funds higher education and our society's future needs is cause for concern for the governing boards of all colleges and universities.

Tuition has been rising at rates well above inflation for the last 25 years. Financial aid also has grown—particularly in the form of student borrowing and grant aid that institutions themselves provide from endowments and

scholarships. Still, college access for students from low-income families remains well below that for students from middle-income and upper income families. Taxpayer funding from state and federal resources continues to grow, but not enough to keep pace with both the rate of enrollment growth and inflationary cost increases within higher education. As a result, among public institutions, per-capita funding from state resources reached a 25-year low in 2005. [The chart on page 3 shows state funding trends over the last 25 years.]

Students everywhere are borrowing more to finance the costs of their education—and borrowing is particularly prevalent in the private sector; nearly three-quarters of bachelor's recipients in private institutions graduated with debt in 2004. Moreover, the prospects for

growth in state funds allocated to higher education are not good. In most parts of the nation, enrollment demand is likely to outpace the rate of growth in state and federal subsidies for at least the next ten years. This will place more pressure on public and private institutions to rely on tuition and philanthropic giving for a good deal of their revenues. It also will lead students and their families to depend on the fragile system of financial aid to make higher education affordable. [The chart on page 4 shows the rising price of tuition in relation to family income.]

As public institutions continue to raise tuition levels, the fiscal differences between public and private

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institutions are beginning to blur, with the result that both types of institutions are competing for the best students with offers of "tuition discounts." Such discounts are a *cost* to institutions in the form of foregone tuition revenue. The practice is greatest among regional private colleges with low enrollments and relatively low student selectivity, but its popularity is increasing among public institutions as well. Studies

of discounting among private institutions show that nearly 80 percent of freshmen receive some form of tuition discount, averaging \$9,000 per student.¹

Despite increases in this type of financial aid, continued tuition increases inevitably sour public opinion about higher education, risking the goodwill needed to sustain philanthropy, public funding, and support for continued

institutional independence. Opinion polls consistently show that the American public places a high value on higher education and has great respect for the institutions and the individuals working with them. But the goodwill is not infinite, and underneath the positive views are disquieting signs for the future. For example, a significant portion (though still a minority) of Americans questions whether colleges and universities share their values. Nearly half the public questions whether students get what they pay for by attending college—a negative opinion that is even more acute among parents with children in college.

Several other factors color the public's perceptions of higher education. Differences among institutions that are so important within postsecondary education are irrelevant to the public, with most people unaware of the distinctions between the public and private sectors, research universities, and community colleges. The public overestimates the cost of college and underestimates the availability of aid. They do not understand the system of higher education finance—most believe institutions earn profits from tuition, for instance—and fail to make the connections among public-funding policies, the cost of operating and sustaining these institutions, and tuition increases. They see rising tuition as a sign of misplaced

About The Cost Project

This paper is the first in a series of reports and initiatives that will constitute AGB's Cost Project. Supported by a grant from the Robert W. Woodruff Foundation and a planning grant from the Lumina Foundation, the project is designed to build governing board capacity to monitor institutional costs effectively and strategically.

Costs and productivity are not new issues in higher education. AGB and its member governing boards have long recognized the importance of responsible stewardship of institutional resources as central to the work of effective boards. But the rapidly changing environment in higher education has brought a new urgency to the topic. Many institutions have been at the forefront of change, having reengineered core functions and decentralized responsibilities for resource management. The Cost Project intends to identify such successes and promote them broadly within the higher education community.

AGB is mindful that containing costs and sustaining quality require active partnerships among institutional leaders and others in the higher education and public-policy communities. A comprehensive effort needs to be built—to forge partnerships, to make the conversation more data-driven, to connect better with public audiences, and to find strategies to reach out to accreditation agencies and others concerned about ways to sustain quality and improve institutional effectiveness. While institutional chief executives must lead such efforts, boards should be actively engaged in these issues. Encouraging and enriching this process are goals of The Cost Project. As it embarks upon this work, AGB will collaborate with other groups interested in contributing to the agenda.

Details about the project, additional readings, and updates on current research are available at www.agb.org/cost.

¹ NACUBO Study of Tuition Discounting, 2003.

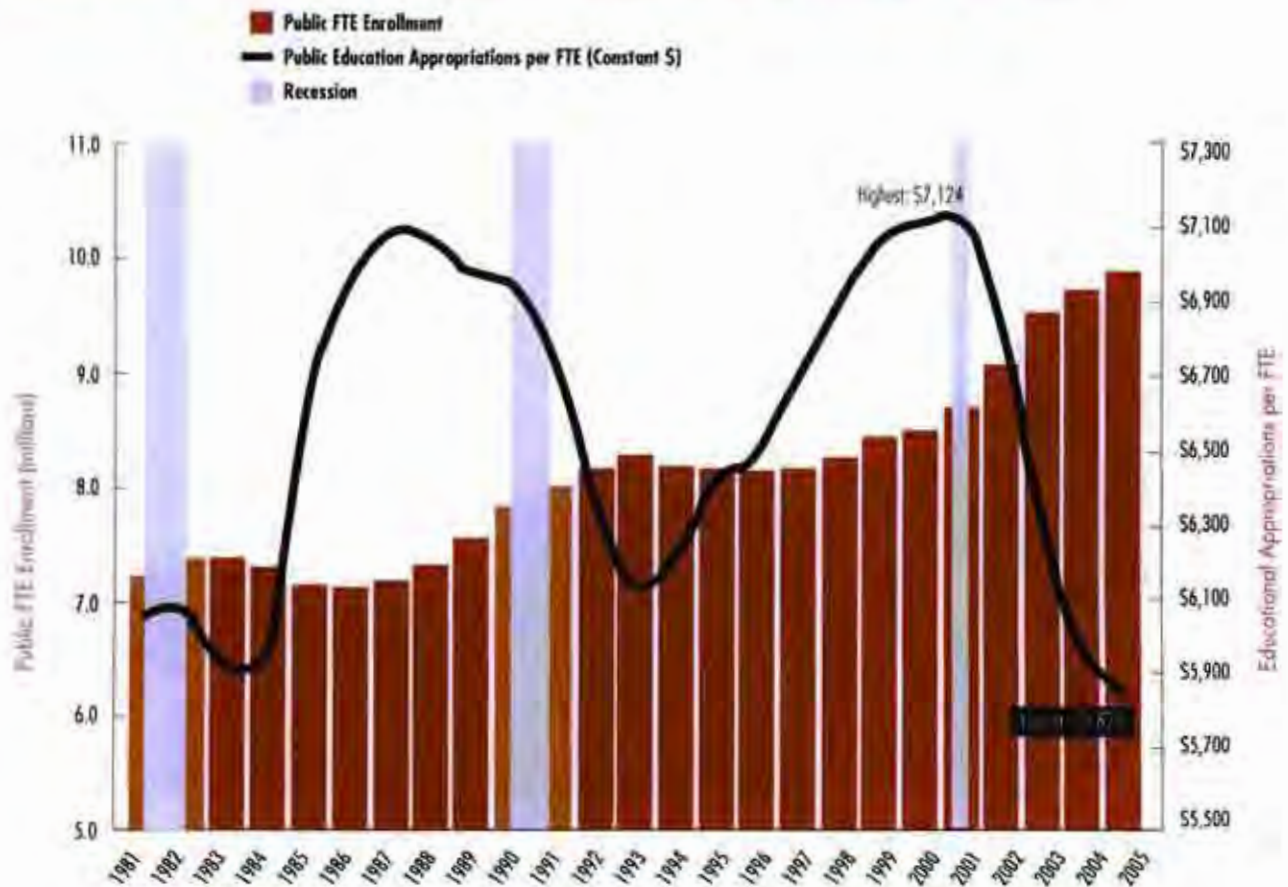
institutional priorities and a willingness to spend money rather than keep prices down. Yet at the same time, students and parents expect colleges to have state-of-the-art dormitories, Wi-Fi access, and fitness centers that rival those in exclusive spas. This tension between the public's increasing consumerism and its expectation that higher edu-

cation should be more affordable is one of the great challenges affecting higher education public policy.²

As college affordability has eroded, public-policy makers increasingly are calling for higher education institutions to take action to improve "accountability" for performance—in particular, to slow the rate of tuition increases by

containing costs and improving productivity. By way of recent example, the Secretary of Education's Commission on the Future of Higher Education places institutional responsibility for cost containment at the center of its recommendations for heightened accountability for higher education. It calls for better data, greater transparency, and better

ENROLLMENT GROWTH AND PUBLIC HIGHER EDUCATION APPROPRIATIONS PER FTE U.S., FISCAL 1981-2005



Source: State Higher Education Executive Officers, 2005.

² See Winston and Hart, research done for the American Council on Education "Solutions for Our Future," 2005; Hart, P. & Teeter, P.C. (2003), "Quality, Affordability, and Access: Americans Speak on Higher Education, Key Findings from Surveys and Focus Groups." Princeton, NJ: Educational Testing Service; Loebberg, S.O. and Hartle, T.W. (1998), "Too Little Knowledge is a Dangerous Thing: What the Public Thinks and Knows about Paying for College." Washington, DC: American Council on Education; Immerwahr, J. (1998), "Public Attitudes on Higher Education: A Trend Analysis" (1993, 2003). San Jose, Calif.: National Center for Public Policy and Higher Education. Available in pdf format at www.highereducation.org/reports/pubs/Pub_Agenda_040210.pdf

consumer information about college costs and prices. Most important, it urges governing boards to engage this agenda.

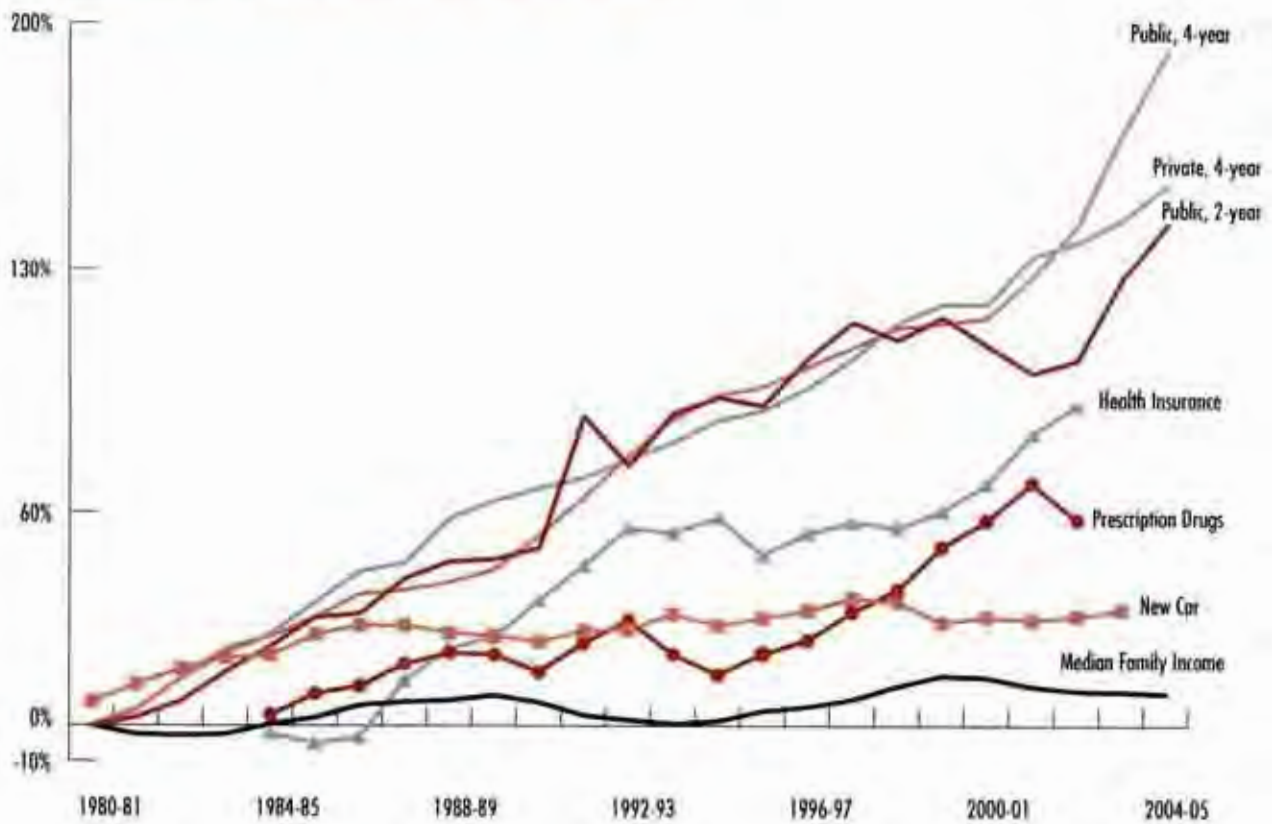
Underlying the public's call for greater attention to costs is the belief that higher education leaders are uninterested in controlling their costs and the prices they charge. In fact, there is a sense in some quarters that higher education leaders equate higher costs and prices with higher quality. Surely that indictment is an overly broad generalization. Most college and university leaders work hard to control costs

even as they operate in a funding environment for higher education unlike any in recent memory. Sustaining public support for higher education—not only in the form of predictable state and federal financial appropriations and continued philanthropic support but also in the form of public trust in the stewardship of our institutions—will require assuring the public that institutions are serious about cost management.

Institutional leaders will need to incorporate new ways of managing resources to increase pro-

ductivity—to improve quality and performance—without charging more or spending more. Measuring productivity means looking at total costs and how they are used to produce outcomes; in the case of higher education, “outcomes” include graduates, trained workers, and new knowledge. Understanding productivity requires looking simultaneously at access to education, the quality of the educational experience, and the use of financial and other resources. Examining the relationships among the quality of entering students,

THE PRICE OF COLLEGE IS INCREASING IN RELATION TO FAMILY INCOME AND MANY GOODS AND SERVICES (PERCENTAGE CHANGE IN PRICE, IN CONSTANT DOLLARS, 1980-2004)



Source: The College Board, 2005.

costs, and learning outcomes allows institutions, boards, and state policymakers to better understand the consequences of a change in any one of these variables on total productivity. For example, if gains in graduation rates come at the expense of student access or equity or in the quality of student learning, then productivity has declined, even if more students are being graduated at lower cost to the institution.

The topic of “productivity” is not easy to discuss within most institutions, as the language of costs and outputs is seen as anti-faculty and hostile to core academic values. But to address national and institutional concerns about access, quality, and cost, such conversations are needed. Issues of cost and productivity are much easier to tackle if they are understood to be part of an investment strategy to sustain quality and capacity into the future—and not primarily about forcing reductions or hurting quality and access.

UNDERSTANDING COLLEGE COSTS

The economics of higher education are complex because of the diversity of revenue streams and missions of colleges and universities. The financial model of community colleges differs markedly from that of liberal arts institutions, and both are different from research universities. The language of higher education finance and the distinctions among revenues, expenditures, costs, prices, net prices,



For a board to help steer a college or university in the direction of quality and value, trustees will need to untangle the language of price and costs so they can focus on how the institution uses its resources to achieve core functions.



and cost centers further complicate the discussion. When the public discusses higher education costs, the conversation is about what it costs a family to send a student to college and not about what it costs an institution to provide the education. But for a board to help steer a college or university in the direction of quality and value, trustees will need to untangle the language of price and costs so they can focus on how the institution uses its resources to achieve core functions. Research about costs and prices also will help explain these relationships, but it will first be useful to define the terminology.

Revenues for institutions come from many sources—tuition and fees, state and local appropriations (which go primarily to public institutions), federal financial aid, private fund-raising, income from endowments, and contracts and grants for research. [The charts on page 7 show sources of revenue at public and private institutions for 2005.] Public institutions depend heavily on state or local appro-

priations, and private institutions more on tuition and revenues from endowments. Most private colleges have small endowments and thus depend on tuition for core funding. In all institutions—public and private—a good deal of the gift revenues are restricted by donors and do not support the core functions of instruction and research. By looking at revenues from endowments, gifts, tuition, and state and local appropriations, board members will have a better picture of flexible revenues that are available on a per-student basis.

The term *cost* refers to the amount of money an institution spends from its operating budget and where it spends it. The federal government requires colleges and universities to report expenditures in standard categories, such as instruction, research, public service, administration, student services, libraries, and plant operation and maintenance. To standardize measures of spending across institutions, most analyses divide spending by full-time-student enrollments to arrive at an average cost per student. Because not all revenues are used to pay for student-related costs, analysts further distinguish between the “direct” costs of instruction (expenditures that are solely within that category of spending) and “full” costs of instruction (instructional expenditures plus funding for student services, academic support, and administration). This allows institutional comparisons to be put in

some context, though it should be noted that such measures as cost per student are poor proxies for determining value or productivity. Improving the quality of cost data—and finding better ways to measure productivity—will help all institutions do a better job of understanding, comparing, and communicating about costs.

What most people call college “costs” are more precisely *prices*—that is, what families pay to send

has been the single biggest cause for such increases.¹

In general, more is known about trends in tuition prices and financial aid than about trends in revenues or costs. And there is no readily accessible public research that systematically explores the relationship between resource use and educational outcomes—whether measured by student learning, research productivity, or service to communities. Several private consortia share cost

(and president of public and private colleges) Howard Bowen called the “revenue theory of costs.” Bowen asserted that colleges and universities raise all the money they can and spend all the money they raise.

■ *Prices are not costs; colleges and universities operate through multiple cross-subsidies.* The fact is that all public and private institutions spend more to educate students than they receive in tuition revenues, so a conventional business model does not apply to higher education. Tuition revenues go into an institution’s general fund, where they are mixed with dollars from state appropriations, unrestricted private gifts, and earnings from the endowment. In using these dollars to finance a student’s education, institutions allocate varying amounts to different types of students and within different degree programs.

For example, a lower division English literature student who is paying full tuition costs the institution much less than an upper division chemistry major with a tuition waiver. The “savings” from educating the low-cost student are used to pay for the higher cost student. This distribution of funds is known as a “cross-subsidy,” even though actual transfers of funds typically do not occur. In most institutions, lower division courses provide cross-subsidies for upper division courses, and undergraduate education helps subsidize more expensive graduate education.

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Sustaining public support for higher education—not only in the form of predictable state and federal financial appropriations and continued philanthropic support but also in the form of public trust in the stewardship of our institutions—will require assuring the public that institutions are serious about cost management.

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their sons and daughters to college. The price published in a college’s promotional materials is the “sticker price,” while the “net price” is composed of tuition and fees minus the grant aid (but not loans) awarded to students. Research into the causes of tuition increases from the 1990s found that uneven growth in state revenues was the biggest reason for public-sector tuition increases—although public spending on “merit” aid (tuition discounting) is also a factor. Among private institutions, tuition increases are more clearly driven by spending rather than shifts in revenue, and tuition discounting

information (the Consortium on Financing Higher Education and the Delaware Project for Instructional Costs and Productivity are two examples), and there have been several national studies of why tuition rises how these increases can be controlled. Despite problems with the data and the metrics, the picture that emerges from the research can help give boards a context for thinking about how these trends affect their own institutions.

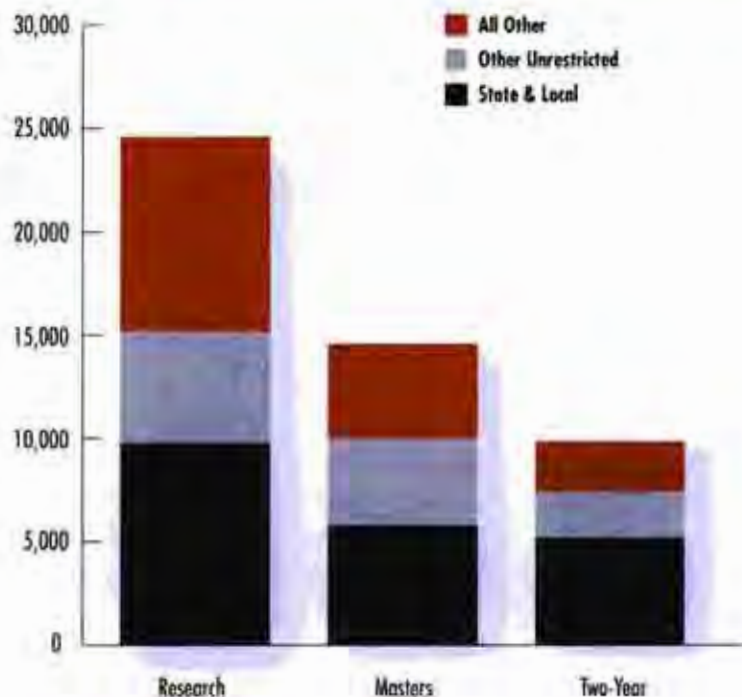
■ *Revenues drive costs (or what you spend depends on how much you have to spend).* Higher education institutions operate under what economist

¹ See NCES, *Study of College Costs and Prices*; NCES, *Straight Talk About College Costs and Prices*; McPherson and Schapiro, *Paying the Price*.

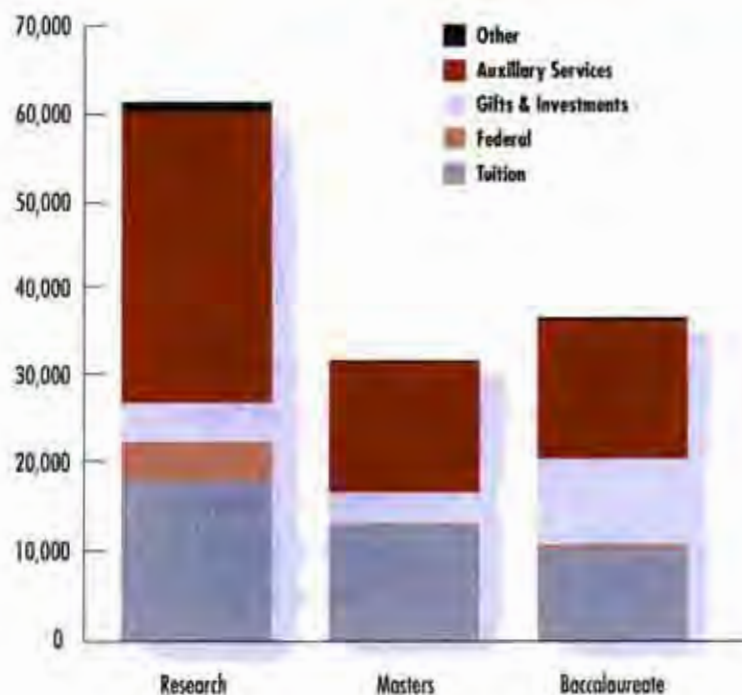
■ *Not all revenues are available for general purposes.* Most colleges and universities operate several different businesses. They are in the business of teaching students, and this is arguably their “core” function. But they also perform contracted research, run bookstores and dormitories, maintain complex physical plants, and many administer hospitals and clinics. Most of the noninstructional functions, which may constitute a majority of the spending in some universities, are paid for by funds that are restricted by the donor. Most research funding is “designated” or restricted by the donor and may be spent only on specific projects. This point is important especially for public trustees to understand, because a frequent response to state budget shortfalls is to increase efforts to raise private funds—dollars that often do not support core purposes. And though the proportion of state funding has declined (as has state funding per student at public institutions), state subsidies to public institutions are still substantial, particularly among research universities.

■ *Where the money goes.* Spending patterns within institutions can be measured through standard reports of expenditures by key functional areas. Institutions are required to report spending within major categories according to standard formats called for in IPEDS (the federal government’s Integrated Postsecondary Education Data System). These include instruction,

AVERAGE REVENUE SOURCES PER STUDENT BY TYPE OF PUBLIC INSTITUTION, 2005



AVERAGE REVENUE SOURCES PER STUDENT BY TYPE OF PRIVATE INSTITUTION, 2005



Source: IPEDS, 2005.

organized research, administration, academic and student support, operation and maintenance of the plant, scholarships, public service, and transfers. These expenditure categories are very broad and do not include information that would allow a board to understand cross-subsidies between activities or the use of resources to produce specific outcomes.

In general, the expenditure patterns over time show distinct similarities in the general shapes of spending within these categories by the mission or type of the institution (research, masters, community college, and baccalaureate). The proportion of total spending that goes directly to the “instructional” category is highest in the public two-year and four-year institutions. This is true even though the absolute level of spending in these institutions is less than in research universities. The differences reflect the volume of resources associated with other categories of work in research universities, particularly in research and service. [The tables on pages 8 and 9 show levels of spending in various categories.]

Over the last 30 years, the proportion of spending going directly to the instructional category has declined in every sector, with the greatest declines in public two-year colleges. Spending has increased in other areas directly related to student support, particularly in student aid and in such services as counseling and recruitment. The

other major trend affecting spending has been a decline in spending on maintenance of the physical plant. Because higher education institutions maintain separate cost centers for capital and operating costs, the trade-offs between savings on maintenance and the increases in capital costs cannot be documented—although many college leaders believe such a shift has occurred.

The methodology for measuring average operating cost per student—or unit costs—within institutions is quite well developed, particularly as it relates to the cost of undergraduate instruction. The standard methodology for measuring costs in the industry has been developed by the National Association of College and University Business Officers (NACUBO); another

model has been developed by the Delaware Project for Instructional Costs and Productivity, a data-sharing project based at the University of Delaware. The NACUBO and Delaware efforts show that the dominant determinants of instructional costs are general revenue availability, the array of academic offerings, faculty compensation, and class size. Of these, the foremost reason for variations in average costs between institutions (other than general revenue availability) is the mix of academic disciplines. Laboratory-based disciplines in the health sciences, engineering, physics, and biological sciences are typically the most expensive, followed by computer sciences, and business and marketing.⁸ The least expensive disciplines historically have been the humanities and social

MEDIAN PER-STUDENT SPENDING BY CATEGORY IN PUBLIC INSTITUTIONS, 2005

	Research	Masters	Two-Year
Instruction	7,460	5,165	4,124
Research	4,167	143	0
Academic Support	1,910	1,206	736
Student Services	976	1,076	890
Institutional Support	1,774	1,556	1,372
Operations & Maintenance	1,695	1,255	913
Auxiliary Operations	2,721	1,576	562
Student Aid	2,561	2,047	1,784
Interest on Debt	300	123	4
Public Service	1,394	341	15
TOTAL	24,958	14,488	10,400

Source: IPEDS, 2005.

sciences. One phenomenon that probably has affected costs in higher education is the shift in the last 20 years in student course-taking patterns, away from liberal arts and humanities and toward high-tech and business curricula.

Board members may wonder about patterns and trends in the emerging for-profit higher education sector. Such proprietary institutions are almost 100 percent tuition driven, and tuition is established at a level that is intended to generate a profit for investors. These companies have small or nonexistent endowments and do not perform the research or service functions that ordinarily draw other revenue sources. A few have very small auxiliary enterprises.

The different mission is reflect-

ed as well in expenditure patterns: In public and private nonprofit institutions, instruction and research comprise the two largest spending categories; proprietary institutions spend more on administration and student services. Proprietary institutions keep costs low by employing part-time and adjunct instructors and focusing their curricula in a few specialized areas. If student enrollment is insufficient to maintain a program, it is closed.

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Boards can advance effective cost management by helping to shape the conversation about aligning resources with goals and creating a culture of heightened sensitivity to resource management across the campus.
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MOVING FORWARD: OPPORTUNITIES AND CHALLENGES FOR GOVERNING BOARDS

A governing board can help ensure the institution's financial viability by giving the president the responsibility and authority to lead the institution on a day-to-day basis and monitoring progress and results. The board's direct role in the area of college costs historically has been exercised primarily through long-range planning, annual budget development, and fiscal audits. Today, institutions will benefit from a greater level of board engagement with the president on issues of cost.

Most college and university leaders recognize the need to balance the institution's resource requirements with the public's expectations that a college education will remain accessible and affordable. Decisions about programs, priorities, tuition levels, and financial aid are hard fought and carefully negotiated within each institution. Still, at the end of the day, most institutions' highest priorities are to increase revenues and promote the quality of teaching

MEDIAN PER-STUDENT SPENDING BY CATEGORY IN PRIVATE INSTITUTIONS, 2005

	Research	Masters	Baccalaureate
Instruction	12,770	6,261	6,124
Research	4,240	0	4,240
Academic Support	3,182	1,375	1,388
Student Services	2,305	2,110	2,942
Institutional Support	3,510	2,126	3,113
Operations & Maintenance	2,787	1,393	1,886
Auxillary Operations	3,376	1,944	2,637
Student Aid	7,581	5,717	8,006
Interest on Debt	918	399	499
Public Service	0	0	188
TOTAL	40,669	21,325	31,023

Source: IPEDS, 2005.

¹ Delaware Project for Instructional Costs and Productivity, University of Delaware, 2005.

Questions for Boards to Consider

- What have been the trends in full costs per student? What have been the major pressures in spending?
- Where will the institution be financially in the next decade if it continues the patterns of the last decade in undergraduate enrollments, prices, tuition discounting, costs, and student learning outcomes?
- What are our students' levels of indebtedness when they leave our institution?
- What is the expected turnover of currently tenured faculty in the next ten years? What are the institution's plans for future faculty? What are the consequences of those plans on future costs?
- What experience do we have in distance learning and the use of technology-assisted instruction? Could that contribute to improved productivity by reducing costs, reducing attrition, or increasing graduation rates?
- How has spending in the area of student services tracked over the past ten years? What do our goals in this area say about future spending requirements?
- What academic programs need to be altered to fulfill the institution's mission and serve the public good?

and learning. Two common assumptions within the industry are that cost increases are inevitable and that prices are well managed if tuition increases are held to just a few points above inflation. With the funding and demographic challenges ahead, institutions will need to do everything possible to use scarce resources to increase access and degree completion, while keeping tuition increases in hand.

Because of their position within the institutions they serve and

because of their responsibilities as fiduciary bodies, boards can play an instrumental part in campus discussions and activities related to costs. Here are some ways to do so:

Legitimize the conversation. Boards can advance effective cost management by helping to shape the conversation about aligning resources with goals and creating a culture of heightened sensitivity to resource management across the campus. This does not mean that boards

should micromanage. But they can focus on the core issues of value, productivity, and cost in relation to strategic planning and institutional accountability and within the larger context of mission. They also can lend support to the presidents who need to lead the deeper work within the institutions.

Integrate resource analysis with quality review. Boards also can compel greater attention to productivity by asking administrators to integrate resource analysis into ongoing mechanisms for quality and program review. The student-learning assessment movement has taken hold in almost every college in the country, yet resource evaluation is remarkably absent from these discussions. Looking at how funds are spent can shed a helpful light on institutional priorities for teaching and learning. And the key issue of the educational value the institution provides—and the relation between quality and resources—can only be understood if learning assessments include analyses of how resources are used.

Ask for benchmarks. To make better sense of financial data, boards and presidents need better ways to compare their institution's situation with that of other institutions. Boards can encourage presidents to become involved in cooperative information-sharing efforts with other institutions to allow effective comparisons. Several consortia currently provide such services on a confidential basis.

or institutions can start their own. Boards also can ask for and monitor trend data for their own institutions to better understand change over time. Establishing enduring indicators allows boards to review trend data year after year. The AGB Benchmarking Service already provides campus leaders with access to comparable fiscal information, and additional measures of costs and suggestions of ways to benchmark costs will be developed through The Cost Project.

Communicate effectively and demonstrate accountability. Boards should have strategies to communicate with key stakeholder groups about the costs of providing education and the price of attending the college. Boards may want to invest in public-opinion research to help them understand what their “customers” think about costs and use this information to shape communication strategies. They also should ask how the institution reports information on costs and price, whether through public “report cards” or to federal or state agencies.

Achieve some early victories.

Almost every institution can save money in administrative and back-office functions by consolidating operations, making better use of technology, engaging in competitive contracting practices, and joining consortia. Explaining how such costs will be cut will help defuse institutional fears that productivity

is a code word for dismantling the institution’s core programs. Administrative costs constitute one of the biggest growth categories in most institutions, and presidents and boards can set the agenda for cost control by encouraging offices to find ways to reduce administrative spending. Another major cost driver has been tuition discounting (of-

ten called merit aid). Reevaluating tuition-discounting strategies and finding ways to reduce institutional spending on financial aid also will help control costs and hold down future tuition increases.

Make cost and quality issues a high priority for the long term.

Trustees should address these is-

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Boards should have strategies to communicate with key stakeholder groups about the costs of providing education and the price of attending the college.
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sies in committee and full board meetings on an ongoing basis. Solutions will be needed well into the future, and change will take time. Board and committee agendas will need to be structured and institutional goals set to reflect these priorities.

America's diverse system of higher education has historically been the best in the world. One of its unique assets is the blending of public and private resources. It is

a flexible system, adaptive and capable of great innovation and rapid change. It can be slow to learn from itself, though, and at times is sluggish and defensive in responding to public expectations for change.

Collectively, higher education is being challenged as never before to show how it can meet national needs for access, accountability, and quality. At the institution level, these challenges are also acute. Success for the nation and for the

institution will depend on sustaining the public trust through credible stewardship of resources and effective communication of results.

Ensuring access and increasing quality also mean boosting productivity—managing costs, keeping tuition increases low, and improving student graduation rates. It can be done through better use of data, improved benchmarks, and better communication strategies both within higher education and to key public audiences. Boards have a distinct and necessary role to play in this endeavor. The work is important, and the time is ripe for progress. ■

THE COST PROJECT

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The Cost Project is an AGB initiative designed to build governing board capacity to monitor institutional costs effectively and strategically.

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Stop Paying More for Less

Garrett, Thomas A

Ways to Boost Productivity in Higher Education

Higher education has seen a decrease in productivity over the past decade. Spending by colleges and universities is increasing as they use more resources to educate each graduating student, but the quality of the graduate is not improving commensurately.¹ The American Association of Colleges and Universities reports the fall in the quality of students graduating from institutions of higher learning and says, "Public policies have focused on getting students into college, but not on what they are expected to accomplish once there."²

Economists define productivity, in the simplest terms, as a measure of output per unit of input. Productivity in education can be measured in terms of units, such as average class size, or it can be measured in terms of dollars, such as the quality or value to students relative to the cost of educating students. These definitions allow for an evaluation of how a change in costs, quality or quantities influences productivity in higher education. Productivity will increase if student quality increases more than the cost of educating students. Similarly, a reduction in costs while student quality remains the same or rises will also increase productivity.

How can institutions of higher learning reduce costs and increase student quality in an effort to increase productivity?

The Rise in College Costs

College tuition has increased dramatically over the past decade, as seen in the table on the next page.³ Between 1991 and 2003, inflation-adjusted undergraduate tuition and fees per student increased by 49 percent at public institutions and by 39 percent at private institutions. Tuition increases, adjusted for inflation, averaged 3.4 percent per year at public institutions and 2.8 percent at private institutions, higher than the average annual rate of inflation of 2.5 percent. The increase in tuition and fees has also outpaced the growth of disposable personal income. Expenditures on higher education as a percentage of disposable personal income have increased from 1.07 percent in 1991 to 1.41 percent in 2004. Although this percentage may seem relatively low, the outlay for children's education is the second largest family expense, exceeded only by housing.

College tuition is rising rapidly for several reasons.⁴ One is an increase in university costs. Total inflation-adjusted expenses at public universities increased by 28 percent between 1990 and 2000. The relative lack of a "bottom line" in public higher education compared to private sector enterprises reduces pressure to adopt cost-saving policies and procedures. This can result in the continued existence of excessive staff and unpopular academic programs or research centers, often coming at the expense of student instruction. For example, instructional expenditures as a percent of total expenditures at public institutions have decreased from 39 percent in 1977 to 34 percent in 2001. In addition, administration expenditures increased from 30 percent of instructional expenditures in 1976 to 50 percent in 2001. More alarming is the fact that, while inflation-adjusted instructional expenditures per student increased by 17 percent between 1990 and 2001, administrative expenditures per student increased by 54 percent over the same period, as shown in the table.

Another reason for tuition increases is the recent recession and ensuing state budget crises. Fourteen states reduced state appropriations for higher education between fiscal years 2002 and 2003.⁵ In response to state budget cuts for higher education, colleges and universities increased tuition by an average of 10 percent nationally between 2002 and 2003. This recent tuition increase was nearly double the average annual increase over the past decade.

Financial aid, including loans, may be another reason for tuition increases. The use of financial aid by universities is a form of price discrimination, meaning universities increasingly charge different tuition to different students, depending on ability to pay and university efforts to recruit students with special academic or athletic skills. Thus, more students can attend places of higher education than could otherwise. But, there has been almost no discussion of productivity enhancements that might constrain increasing university costs and, thus, tuitions that arise in part from the increase in student enrollments caused by financial aid.

As seen in the table, the percentage of students at four-year universities who received some financial aid increased from 60 percent in

1990 to 74 percent in 2000. Financial aid is now covering a larger percentage of tuition expenses. For example, financial aid covered 47 percent of tuition at four-year universities in 1990 compared with 54 percent in 2000. However, only some of the recent tuition increases have been offset by increases in financial aid.

Starting Points for Policy

How can universities reduce costs and increase student quality in an effort to boost productivity? Before addressing this question and before any cost-saving or quality-enhancing policies can be implemented, legislators and education officials must first address several issues. These are 1) defining the objectives of the college or university, 2) defining productivity inputs and outputs, 3) measuring productivity and 4) demonstrating productivity improvements." Once these issues are addressed, strategies to enhance productivity can be implemented.

Defining Objectives

Objectives of the university may include increasing student quality, increasing access and diversity, achieving greater cost-efficiency, making a better contribution to the needs of the community and improving basic research. University officials and state legislators may have divergent views regarding the top objectives of a university, but both groups typically agree that improving student quality is the most important higher-education objective.

Defining Productivity

While the economist's general definition of productivity, namely outputs relative to inputs, is straightforward, the definition is too simple to guide management strategies aimed at increasing productivity. A more thorough definition of productivity recognizes that productivity can be divided into two parts: efficiency and effectiveness. Efficiency refers to the level and quality of service that can be obtained given an organization's fixed resources. Thus, an organization is considered more efficient if it can increase the level or quality of service without increasing the amount of inputs used. Effectiveness, on the other hand, refers to how well an organization meets the demands of its customers. The customers in higher education are students, parents, employers and state legislatures. Customer demands may include such outcomes as a specialization of knowledge in a specific area, career assistance and job placement and, probably most important, the graduation of well-educated and productive students.

Thus, improving productivity in higher education requires undertaking measures that increase efficiency and effectiveness. Measures to cut costs, as universities across the country have done in the wake of the recent recession and state budget crises, only address the cost-efficiency dimension of productivity. Sound management practices to improve productivity in higher education must also look at the effectiveness of the organization, be it an academic department or the entire university.

Measuring Productivity

Productivity measurement is difficult in most service industries, and education is certainly no exception. In education, administrators need to be wary of simple measures such as the number of students per faculty member. While some observers may assume that quality "must" be higher when the student-faculty ratio is lower, a class of 25 is likely to be better than a class of five because of student interaction. In any event, it is important to measure output directly and not make assumptions about what "must" be the case when studying productivity.

Before any measurement of productivity can occur, administrators need to decide what level or levels of the organization's productivity should be measured. For example, should a university measure the productivity of an individual faculty or staff member, or should it measure the productivity of an academic department or of the university as a whole? All are relevant and should be measured. An important point in measuring productivity is that measures should not be constructed prior to setting goals and objectives; doing so will lead administrators to value something that is measurable rather than measuring something that is valuable.

Measuring productivity in higher education requires a measure of both efficiency and effectiveness. Efficiency is often measured using ratios, such as physical output relative to an input or dollar cost of an input relative to an output. The exact efficiency measure used depends upon the objective set by the administration.⁷ Efficiency ratios such as enrollment per section or contact hours per faculty member are reasonable and useful. An objective of improving students' progress toward a degree requires measures such as a withdrawal rate and average course load. Examples of cost-efficiency measures include instructional costs per student, library expenditures per

student and administrative costs per student.

Measuring effectiveness can be difficult. One way is to assess community or client conditions and to benchmark them relative to community standards or those standards of other institutions of higher learning. An example could be the number of graduates who find a job within three months of graduation. Another option is to measure accomplishments, such as the number of graduates or the percentage of students taking a class that requires relatively advanced work, such as a technical research paper. The number of graduates going on to receive advanced degrees is another such measure. Finally, client satisfaction is an avenue to measure effectiveness. Clients can include alumni or businesses that frequently hire a university's graduates.

Showing Productivity Improvements

Demonstrating productivity improvements can be done in several ways.⁸ One is to show an increase in revenue or participation that results from efforts that did not require an increase in tuition, fees or taxes. Another is to show a significant increase in effectiveness, such as the employment rates of recent graduates, without increasing costs or using additional resources. Numerous measures are possible, and each university should concentrate effort on those that best fit its own circumstances.

Strategies To Increase Productivity

Many of the strategies for increasing productivity require changes in the administrative culture and in the mind-set of faculty and administrators. These strategies include privatizing services, decentralizing the bureaucracy, improving student quality and increasing the flexibility of faculty. Attempts to implement these strategies may be met with resistance or even legal challenges from the various professional organizations and associations that support faculty and administrators.

Privatization

One way of increasing the cost-efficiency of higher education is through the privatization of certain services.⁹ Most universities are vertically integrated; they not only provide education but also provide food service, student and faculty housing, cleaning and maintenance, and records management. Although these services contribute to student learning, there is no reason why these services cannot be performed by private contractors.

With vertical integration, the full costs of inside staff, such as their wages and benefits, may be accounted for in other budget or service categories, thus making it difficult to assess the full costs of a certain service. The fees charged by outside contractors, however, will more clearly represent the full cost of providing a particular service. In addition, competitive pressures will increase the likelihood that private contractors will provide an efficient quantity and quality of labor for each service.

An issue that arises regarding the privatization of various university services is student employment. Currently, many students work for universities as library assistants, food preparers and custodians as part of a financial aid arrangement. Privatization may result in a reduction of staff, forcing some students to find alternative financial aid. However, even if students cannot find other jobs on campus or even off campus, concern over student employment ought to be minimal relative to concern over the growing costs of universities.

Decentralization

Privatization is part of the larger strategy of decentralizing the administrative structure. Although decentralization frequently occurs in the private sector, universities have generally not followed suit. One of the biggest criticisms of centralized administrative structures in universities is that administrators can generally add staff without having to justify the additions to anyone except other administrators.¹⁰

Decentralization can result in several benefits for universities. First, academic departments will have more control over their costs and staffing needs. As a result departments will be better able to adapt to students' changing needs. The experience of many faculty is that universities provide too little in the way of support staff for faculty, thus forcing faculty to perform clerical duties. If individual academic departments had more control over their own budgets, they might decide to replace a faculty position with several support staff to improve efficiency. At the same time, administrators would have to resist the temptation to cut support staff in times of budget stringency. Creating a structure that gets the incentives right is not easy, but such a structure will be an essential feature of longer-run reforms to improve efficiency.

A case study of successful administrative decentralization at Antioch University provides some insights into the challenges of decentralization.¹¹ One such challenge was that a centralized administration had to reach a decision to decentralize the administration itself. The administration realized that decentralization was, in Antioch's case, the only real way to control costs. Another challenge was to realize and accept that some important senior and middle managers would be let go and that these individuals would resist any change in administrative structure. Antioch cut its centralized administration by 14 people, a reduction of 60 percent, and realized a 25 percent reduction in central administration costs. Resistance by lower management, faculty and staff to any change in the administrative structure required ever more vigilant leadership by upper management. All employees were involved in decisions, ensuring that the process to decentralize remained a collaborative one among all ranks of administrators and faculty.

Improving Student Quality

The quality of students—the knowledge and skills they gain from a university education—should be the primary goal of any institution of higher learning. Just how to increase student quality however, remains unclear to many faculty. One reason for this lack of clarity is that many faculty, especially those at research institutions, see teaching as a secondary responsibility behind publishing in academic journals and acquiring research grants. Another reason is that most faculty members do not have training in good teaching strategies.

Good teaching practices include encouraging student/faculty contact, encouraging active learning, encouraging cooperation among students, giving prompt feedback, communicating high expectations, encouraging more time on each task, and respecting diverse talents and ways of learning.¹² An important point is that the passive lecture format that is found in most universities does not account for most of these practices. Even in smaller teaching-oriented colleges, many of these practices are likely to be absent. Furthermore, the use of student evaluations to judge the quality of faculty may lead some faculty to abandon good teaching practices and augment their evaluations through alternative means, such as leniency on grading, on assignment deadlines and on student absenteeism.

Increased Flexibility of Faculty Staffing

Much of the discussion relating to the role of faculty in contributing to productivity in higher education involves lengthening the time that faculty spend in the classroom, enhancing the quality of instruction and increasing flexibility of faculty staffing. Given the size of instruction as a percentage of total university expenditures (35 percent on average), an important cost-saving and quality-enhancing strategy is to better align faculty with student needs.¹³ At many universities, as student demand for certain majors or classes ebbs and flows over time, there is little change in the number of faculty in each department. A failure to match teaching capacity with student demand is completely opposite the private sector, where changes in business conditions directly influence staffing levels.

To rein in costs, universities must have the flexibility to hire more faculty or increase teaching loads of current faculty when demand for a major increases and, conversely, universities must have the flexibility to reduce the number of faculty when demand for a major decreases. Just as an automaker must be able to shift production from large SUVs to small cars when energy prices soar, universities must make similar adjustments when student interest in subject X soars and interest in subject Y sags.

Probably the greatest obstacle to increased flexibility of faculty is tenure.¹⁴ An economic argument for tenure is that it saves initial expense on the part of the university. The saving arises because faculty with tenure, or those hired with the possibility of tenure, will work at a lower salary in return for the guarantee of lifetime employment. Thus, tenure can be viewed as a nonpecuniary payment in lieu of salary. However, while there may be initial cost savings from tenure, the resulting inflexibility imposed by tenure has greater costs in terms of both dollars and student quality. Tenure prevents significant staffing changes in response to changes in student demands; tenure also prevents lower quality faculty from being replaced by higher quality faculty. Clearly, however, the abolition of tenure would be met with opposition from faculty and would even face legal challenges. Strong department leadership would be willing to take such risks, as is typical of strong leadership in the business world.

Conclusion

Institutions of higher learning are increasing their costs while student quality is stagnant, at best. While a private sector enterprise could not survive in this environment, a relative lack of competition shields universities from productivity-improving pressures. This article outlined several strategies aimed at increasing productivity in higher education, all of which require the unbiased attention of administrators, parents and legislators. Unfortunately, some parties are likely to dismiss such ideas out of hand, and that attitude is part of the reason universities have a productivity problem.

Universities that can deliver high quality education at an attractive price will make a difference-an enormous difference-to our society.

ENDNOTES

1 See Vedder (2004).

2 See American Association of Colleges and Universities (2002).

3 All data on tuition and expenditures are based on school years and are from the National Center for Education Statistics, Digest of Education Statistics, 2003. See http://nces.ed.gov/programs/digest/do3/ch_3.asp#4.

4 See Vedder (2004).

5 See Trombley (2003).

6 Much of the following discussion is from Gates and Stone (1997) and Epstein (1992).

5 See Gates and Stone (1997).

8 See Epstein (1992).

9 See Hackett (1992).

10 Guskin (1996) discusses several strategies for increasing productivity in higher education.

11 See Guskin (1996), pp. 12-16. Antioch University is composed of five campuses across the country, overseen by a single administration.

12 See Chickering and Gamson (1991).

13 See Mortimer et al. (1985) and Waggaman W (1991).

14 see McGee and Block (1991).

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November 20, 2007

Decline of the Tenure Track Raises Concerns

By ALAN FINDER

Correction Appended

DEARBORN, Mich. — Professors with tenure or who are on a tenure track are now a distinct minority on the country's campuses, as the ranks of part-time instructors and professors hired on a contract have swelled, according to federal figures analyzed by the American Association of University Professors.

Elaine Zendlovitz, a former retail store manager who began teaching college courses six years ago, is representative of the change. Technically, Ms. Zendlovitz is a part-time Spanish professor, although, in fact, she teaches nearly all the time.

Her days begin at the University of Michigan, Dearborn, with introductory classes. Some days end at 10 p.m. at Oakland Community College, in the suburbs north of Detroit, as she teaches six courses at four institutions.

"I think we part-timers can be everything a full-timer can be," Ms. Zendlovitz said during a break in a 10-hour teaching day. But she acknowledged: "It's harder to spend time with students. I don't have the prep time, and I know how to prepare a fabulous class."

The shift from a tenured faculty results from financial pressures, administrators' desire for more flexibility in hiring, firing and changing course offerings, and the growth of community colleges and regional public universities focused on teaching basics and preparing students for jobs.

It has become so extreme, however, that some universities are pulling back, concerned about the effect on educational quality. Rutgers University agreed in a labor settlement in August to add 100 tenure or tenure-track positions. Across the country, faculty unions are organizing part-timers. And the American Federation of Teachers is pushing legislation in 11 states to mandate that 75 percent of classes be taught by tenured or tenure-track teachers.

Three decades ago, adjuncts — both part-timers and full-timers not on a tenure track — represented only 43 percent of professors, according to the professors association, which has studied data reported to the federal Education Department. Currently, the association says, they account for nearly 70 percent of professors at colleges and universities, both public and private.

John W. Curtis, the director of research and public policy for the American Association of University Professors, said that while the number of tenured and tenure-track professors has increased by about 25 percent over the past 30 years, they have been swamped by the growth in adjunct faculty. Over all, the number of people teaching at colleges and universities has doubled since 1975.

University officials agree that the use of nontraditional faculty is soaring. But some contest the professors association's calculation, saying that definitions of part-time and full-time professors vary, and that it is not possible to determine how many courses, on average, each category of professor actually teaches.

Many state university presidents say tight budgets have made it inevitable that they turn to adjuncts to save money.

"We have to contend with increasing public demands for accountability, increased financial scrutiny and declining state support," said Charles F. Harrington, provost of the University of North Carolina, Pembroke. "One of the easiest, most convenient ways of dealing with these pressures is using part-time faculty," he said, though he cautioned that colleges that rely too heavily on such faculty "are playing a really dangerous game."

Mark B. Rosenberg, chancellor of the State University System of Florida, said that part-timers can provide real-world experience to students and fill gaps in nursing, math, accounting and other disciplines with a shortage of qualified faculty. He also said the shift could come with costs.

Adjuncts are less likely to have doctoral degrees, educators say. They also have less time to meet with students, and research suggests that students who take many courses with them are somewhat less likely to graduate.

"Really, we are offering less educational quality to the students who need it most," said Ronald G. Ehrenberg, director of the Cornell Higher Education Research Institute, noting that the soaring number of adjunct faculty is most pronounced in community colleges and the less select public universities. The elite universities, both public and private, have the fewest adjuncts.

"It's not that some of these adjuncts aren't great teachers," Dr. Ehrenberg said. "Many don't have the support that the tenure-track faculty have, in terms of offices, secretarial help and time. Their teaching loads are higher, and they have less time to focus on students."

Dr. Ehrenberg and a colleague analyzed 15 years of national data and found that graduation rates declined when public universities hired large numbers of contingent faculty.

Several studies of individual universities have determined that freshmen taught by many part-timers were more likely to drop out.

"Having an adjunct in a course is not necessarily bad for you, but having too many adjuncts might be," said Eric P. Bettinger, an economics professor at Case Western Reserve University in Cleveland.

Students say they can often tell when a professor is part-time. Mike Brennan, a sophomore at the University of Michigan, Dearborn, said the courses taught by adjuncts tend to be more basic and the exams less challenging. "They have so many classes that they give tests that are easier to grade," Mr. Brennan said.

Carly Matkovich, a senior at the university, said she had bonded more with her part-time teachers, in part because they have more practical experience. But it is usually hard to find time to talk with them outside class. "They're never around," Ms. Matkovich said. "It does make me feel kind of cheated."

At some departments the proportion of faculty who are tenured is startlingly low. The psychology department at Florida International University in Miami has 2,400 undergraduate majors but only 19 tenured or tenure-track professors who teach, according to a department self-assessment. It is possible for a psychology major to graduate without taking a course with a full-time faculty member.

"We're at a point where it is extreme," said Suzanna Rose, a psychology professor who said she stepped down as department head in August, primarily because she could not hire as many tenure-track professors

as she thought the department needed. "I'm just very concerned about the quality."

Ronald Berkman, the provost at Florida International, disputed her numbers, saying the psychology department has 23 professors who are tenured or tenure track and 5 full-time teachers on contracts. The department is conducting a search for three more tenure-track professors, Dr. Berkman said.

"Which is not to say that they don't need more, which they do," he said.

Tenure, a practice carried from Germany to the United States, was designed to guarantee academic freedom to professors by protecting them against dismissal. Some argue that it also protects incompetent or lazy teachers and sometimes leaves universities saddled with professors in disciplines that have lost currency.

The lack of tenure can leave adjuncts vulnerable. In a number of cases, professors outside the tenure track have been dropped after run-ins with administrators over everything from grading to opinion articles in newspapers.

Several unions have been organizing adjunct faculty in recent years. In Michigan, the American Federation of Teachers has successfully organized full-time, nontenure-track professors at Eastern Michigan University, as well as part-time and full-time adjuncts at the University of Michigan campuses in Ann Arbor, Dearborn and Flint.

"They are so exploited, the only difficulty in organizing adjuncts is finding them," said David Hecker, president of the teachers federation.

Keith Hoeller, who has been teaching philosophy for 17 years as a part-timer in Seattle, described it this way: "It's a caste system, and we are the untouchables of academia."

Aletia Droba taught for 10 years as a part-time philosophy professor in the Detroit area. She said she was paid as little as \$1,400 a course at community colleges and as much as \$2,400 a class at universities.

Some semesters, Ms. Droba said, she taught as many as seven courses at four colleges, including across the border in Canada. This fall, she landed a full-time, non-tenure track job. She will teach five courses in the fall and spring combined — less than the number she often taught in a single semester as a part-timer.

Ms. Droba will not miss the constant driving that a part-timer does, shuttling among universities. "My students used to ask me how come I knew so much about current affairs," she said. "And I'd say, 'I listen to NPR all day.' "

Correction: November 23, 2007

Because of an editing error, a front-page article on Tuesday about the decline of tenure-track professors and the rising numbers of part-time instructors and professors at colleges nationwide misidentified the affiliation of John W. Curtis of the American Association of University Professors, which has studied these shifts. He is the director of research and public policy of the association, not of the American Federation of Teachers.

The Carnegie Foundation for the Advancement of Teaching

Grade Inflation: It's Not Just an Issue for the Ivy League

By John Merrow

A while back, Randy Cohen's regular column, "The Ethicist" in The New York Times Magazine, focused on the evidence that "grade inflation" is a big-time issue. A professor had asked whether he should raise grades because those he was giving were below the departmental average. And last week, students and professors at the University of Oregon debated whether grade inflation exists on that campus in an article for the student newspaper, The Daily Emerald. Even in the UK, the Telegraph questioned whether the university degree in England was "losing its meaning" because of grade inflation.

I've interviewed a number of students on this issue. Here's what I found: Matt Mindrum of Indiana University says he studied a total of eight hours for his four semester exams, while Parvin Sathe of New York University says he studied for 20 hours. Marc Hubbard of Colgate reports putting in about 60 hours, but another Colgate student, Bonnie Vanzler, says she studied for just 12. All four made the Dean's List at their respective institutions.

These days it seems as if nearly everyone in college is receiving A's, making the Dean's List, or graduating with honors. What's more interesting is that college students in general are spending fewer hours studying, while taking more remedial courses and fewer courses in mathematics, history, English, and foreign languages. Students everywhere report that they average only 10-15 hours of academic work outside of class per week and are able to attain "B" or better grade-point averages.

In a study for the American Academy of Arts and Sciences, former Harvard Dean Henry Rosovsky found that in 1950 about 15 percent of Harvard students got a B+ or better. Today, it's nearly 70 percent. Last year 50 percent of the grades at Harvard were either A or A-, up from 22 percent in 1966, and 91 percent of seniors graduated with honors. Eighty percent of the grades at the University of Illinois are A's and B's, and 50 percent of Columbia students are on the Dean's List.

If today's college students were smarter or better prepared, that would explain the higher grades, but that doesn't seem to be the case. Over the last 30 years, SAT scores of entering students have declined, and fully one-third of entering freshmen are enrolled in at least one remedial reading, writing or mathematics course, the highest enrollment being in math. According to Lynn Steen, a mathematics professor at St. Olaf College, 80 percent of all student work in college math is remedial.

If they're not smarter or better prepared, perhaps they're working harder? This doesn't seem to be the case either. The assumption behind most college courses is that students will spend two hours studying for every hour they spend in class, but that is rarely the case. The National Survey of Student Engagement (NSSE) reveals that not even 15 percent of students come close to this ideal.

George Kuh at Indiana University Bloomington, who directs the NSSE, says that students get higher grades for less effort because of an unspoken agreement between professors and their students: "If you don't hassle me, I won't ask too much of you." Kuh is sympathetic to the plight of many college instructors, who often are responsible for teaching hundreds of students. "College teachers have too many students and not enough time, so it's easier to give good or at least pretty good grades rather than have to explain to an angry student how a grade was arrived at."

Someone ought to tell students how *unimportant* good grades are once they leave the campus. Grade-obsessed students probably assume that high grades lead to better jobs and more money, things they care about. In 1993, 57 percent of students said that the chief benefit of a college education is increased earning power, and that number has been going up. Thirty-seven percent of students say they would drop out of college if they didn't think they were helping their job chances.

What is correlated with success is what is called "engagement," genuine involvement in courses and campus activities. Engagement leads to what's called "deep learning," or learning for understanding. That's very different from just memorizing stuff for the exam and then forgetting it. As Russ Edgerton of the Pew Forum on Undergraduate Learning notes, "What counts most is what students DO in college, not who they are, or where they go to college, or what their grades are."

Colleges shouldn't be let off the hook either. They should be focused on the "value added" of the student experience. In today's society, the need to educate for understanding—not just grades—has never been more important. It's just as critical in community college as in the Ivy League. What should students be learning, and what kinds of learning matter most? What kinds of teaching and student engagement promote "deep learning"? Can that learning be measured? What is the evidence? As basic as it sounds, few institutions in America can answer these questions with any certainty, even though learning is ostensibly the core purpose of higher education.

Some in higher education are trying to get a handle on what really happens in the classroom. The aforementioned National Survey of Student Engagement (NSSE) looks at the classroom activity which we know enables significant learning, while the Collegiate Learning Assessment (CLA) directly measures student learning and the "value added" of each campus. Both are challenging ranking systems like those in U.S. News and World Report as measures of college quality.

There is also the issue of educational purpose—whether or not students and faculty have common goals. In October 2002, a report, "Greater Expectations: A New Vision for Learning as a Nation Goes to College," asserted that every student, not just those attending elite institutions, should receive a liberal education, not liberal in a political sense but "liberating," i.e., opening the mind.

In short, rooting out grade inflation by publicly shaming easy graders would be a band-aid, and nothing more. The larger issue is the intellectual life of a campus. It appears that there is still much work to be done to reclaim the priority of undergraduate teaching and learning on our nation's campuses.

About the Author John Merrow, who reports on education for The NewsHour with Jim Lehrer and Frontline for PBS, is a scholar-in-residence at The Carnegie Foundation for the Advancement of Teaching. A version of this piece appeared in the March/April 2004 edition of the Dartmouth Alumni Magazine and a February 2003 issue of USA Today.

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Advertisement for the Toshiba Portégé M700 laptop. The image shows a black laptop with a silver pen resting on it. The text reads "Portégé® M700 from the laptop expert." The Toshiba logo is in the top right corner with the tagline "Leading Innovation" and a right-pointing arrow. Below the logo is a button that says "EXPLORE NOW".



Dec. 16, 2005

Graduated but Not Literate

It's hardly shocking that a new federal report on adult literacy finds that the more formal education Americans have, the better they do on tests that measure practical literacy. "The National Assessment of Adult Literacy," released Thursday by the Education Department's National Center for Education Statistics, shows that citizens with a college education were significantly better able than their peers to understand and analyze the information they confront in their everyday lives. So, as Grover J. (Russ) Whitehurst, director of the Institute for Education Sciences, put it at a new conference Thursday: "Education works — that's a good thing."

But at a time when colleges and universities are under the microscope and policy makers are increasingly seeking to measure the student "outcomes" that they are producing, the report is hardly a pat on the back for higher education.

Not only does it find that the average literacy of college educated Americans declined significantly from 1992 to 2003, but it also reveals that just 25 percent of college graduates — and only 31 percent of those with at least some graduate studies — scored high enough on the tests to be deemed "proficient" from a literacy standpoint, which the government defines as "using printed and written information to function in society, to achieve one's goals, and to develop one's knowledge and potential."

"This seems like another piece of hard evidence, a fairly clear indication, that the 'value added' that higher education gave to students didn't improve, and maybe declined, over this period," said Charles Miller, the former University of Texas regent who is heading the U.S. education secretary's Commission on the Future of Higher Education. "You have the possibility of people going through schools, getting a piece of paper for sitting in class a certain amount, and we don't know whether they're getting what they need. This is a fair sign that there are some problems here."

The report, which extrapolates its findings from a survey of 19,000 Americans aged 16 and up, aims to measure what the commissioner of the National Center for Education Statistics, Mark Schneider, called "reading for purpose" — how well citizens can process information to do what's necessary to work and live (sample questions are available [here](#)).

It assesses three types of literacy: "prose literacy," which is the ability to comprehend continuous texts, like newspaper articles and the brochure that comes with a new microwave; "document literacy," the ability to understand and use documents to perform tasks, like reading a map or prescription labels; and "quantitative literacy," which are the skills needed to do things like balancing a checkbook or calculating the interest on a loan from an advertisement.

Based on their scores, participants in the survey were deemed to have "basic," "intermediate" or "proficient" literacy (Whitehurst noted that a National Research Council committee that recommended the literacy levels

initially called the highest level “advanced,” but that department officials ultimately concluded that the skills required for that category — comparing viewpoints in two editorials, for instance, or calculating the cost per ounce of different grocery items — weren’t really all that advanced.)

Over all, the average prose and document literacy scores for Americans were basically flat between 1992 and 2003, though the scores on quantitative literacy rose from an average of 275 to 283, out of a maximum of 500. The scores of women rose in two of the three categories (document and quantitative literacy) over that period, while those for men fell in two of the three (rising only in quantitative). Scores for black Americans rose, while those for Hispanics declined.

Scores rose as one moved up in educational attainment, as the table below, examining prose literacy, shows. But the table also shows that scores fell from 1992 to 2003 for virtually every educational level, and the declines were steepest, by and large, the further up the ladder one moved. The contrast was even steeper in the realm of document literacy. Scores declined by three points or less for those who had at most a high school degree, while the average document literacy score for college graduates dropped by 14 points, to 303 from 317, and by 17 points for those with some graduate education (to 311 from 328).

Average Prose Literacy Scores by Education Level, 1992 and 2003

Education level	Prose Score, 1992	Prose Score, 2003
Still in high school	268	262
Some high school	216	207
GED/equivalency	265	260
High school graduate	268	262
Vocational/trade school	278	268
Some college	292	287
Associate degree	306	298
College graduate	325	314
Graduate studies/degree	340	327

As the raw scores have declined over time, so too have the proportions of the college educated who proved themselves “proficient” on the literacy tests, the study finds. Thirty-one percent of college graduates tested as proficient in prose literacy in 2003, down from 40 percent in 1992; the proportion of those proficient in document literacy were 25 percent in 2003 and 37 percent in 1992. For those with at least some graduate school, 31 percent were document literate in 2003, down from 45 percent in 1992.

Miller, Whitehurst and college officials offered a range of possible explanations for the numbers that all of them viewed as troubling. Several of them cited societal factors such as declining interest in reading and a culture that increasingly “takes as heroes people who dropped out of school in eighth grade and made a gazillion dollars,” as Ross Miller, director of programs at the American Association of Colleges and Universities, who said it was “hard not to be embarrassed by the data.”

Others noted that significantly more Americans are involved in higher education today than was the case a decade ago — 12 percent of the 2003 population were college graduates, compared to 10 percent in the 1992 study, for instance, an increase of about 4 million people — and most of that growth has come among populations that tend to be academically underprepared. “It doesn’t take a genius to look at the test scores that a lot of our urban schools produce to know something’s not quite right there,” said Ross Miller, though he made clear that he was not trying to transfer blame entirely to elementary and secondary schools.

He and other researchers agreed there was significantly more work to be done to determine whether (a) colleges are taking students who have been significantly underprepared by their previous schools, (b) the colleges are failing to catch those students up, or © both. The fact that Americans as a group are getting more formal

education at higher levels “should have pushed up the levels of literacy in the country,” said Schneider of NCES. Why it has not, he said, “gives us pause.”

Like other commentators, Doug Hesse, a professor of English and head of the honors program at Illinois State University, who is active in the National Council of Teachers of English, has some theories. “This is exactly emblematic of what’s going on in our culture now,” he said, in that students (like most of us) are barraged with “flashes and bits of material” — “here’s a sound bit, here’s a sound bite, here’s a factoid” — and “not really much asked to use the information or analyze it in some way.”

Hesse also cited “sobering” data about the amount of time students spend on their studies. One study at Illinois State found that honors students were assigned an average of fewer than 50 pages of reading a week, and that two of five students acknowledged completing less than half of that work. “Students seem to spend a lot of time on Facebook, and when you think about the literate practices involved in Facebook, that’s probably not contributing a lot to the scores on something like this literacy test,” he said.

For Charles Miller, the head of the federal higher education commission, said it was impossible to know for sure whether the damning data in the literacy report necessarily mean that colleges are doing too little to prepare their graduates to think for themselves. But what seems evident, he said, is that colleges need to be able to measure how much they are contributing to students’ knowledge — which they can do only by more consistently testing what their graduates know and have learned.

“We don’t have a clue what they’re really learning if you don’t measure it,” he said.

— Doug Lederman

*The original story and user comments can be viewed online at
<http://insidehighered.com/news/2005/12/16/literacy>.*

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Policy Perspective

Texas Undergraduates Fail at Civics: ISI's American Civic Literacy Survey Results

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*This paper is the 2nd in
a series on the state of
higher education in Texas.*

EXECUTIVE SUMMARY

The Intercollegiate Studies Institute (ISI), a non-profit educational organization, commissioned the University of Connecticut's Department of Public Policy to administer a test on American civics to over 14,000 undergraduate students at 50 universities in Fall 2005. Baylor and West Texas A&M Universities were randomly selected for inclusion in the survey, while the University of Texas-Austin was selected due to its status as the flagship state university. The 60 multiple choice questions measure the extent to which American universities successfully teach America's history and institutions. Transmitting this knowledge to the rising generation illuminates and sustains the achievement of America's founding and its flourishing civilization.

Approximately 1,000 freshmen and senior undergraduates were randomly selected from the three Texas universities to take a basic test on America's history and institutions. On average, the students answered 49.3 percent questions correct, failure on a traditional scale. On average, the freshmen at the University of Texas-Austin, Baylor, and West Texas A&M scored 47.9 percent, which proved lower than the average of 51.7 percent for all 50 universities. The average score among seniors at these three Texas schools was 50.8 percent, once again proving less than the 53.2 percent score for seniors at all 50 colleges.

Texas undergraduates gained a trivial 2.9 percent of civic knowledge during their baccalaureates, and this estimated learning

was statistically no different than the average learning of 1.5 percent across all 50 colleges. The University of Texas at Austin enrolled the highest scoring Texas freshmen, while Baylor produced the most learning during the baccalaureate. Undergraduates at these three Texas universities were below the national average in the number of history, government, and economics courses taken during college, as well as in weekly hours of homework.

The average freshmen enrolling in the three Texas universities in 2005 scored 4 percent lower than the average freshmen at all 50 colleges. The average senior at these three Texas universities scored 2.4 percent lower than the average senior at all 50 colleges.

However, the average undergraduate at these three Texas universities enjoyed 1.4 percent more civic learning during the baccalaureate compared to average undergraduate learning at all 50 colleges. But this advantage in civic learning or civic value added was statistically no different than that for the remaining colleges.

The evidence suggests that several college policies would increase the average civic learning at the three Texas universities included in the survey. This would include increasing the number of civic courses available, attractive, and even required, especially courses in history and economics. Another measure would include a greater emphasis upon course quality or learning per course, since their students took an above-average quantity of civic courses, but performed closer to average in

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civic learning. Increased homework norms, that approach at least the national norm, would further increase learning per course at all three Texas universities. Finally, enrollment policies that increase the similarity of students' beginning civic knowledge at each university would also increase learning.

KNOWLEDGE AND LEARNING IN TEXAS UNIVERSITIES

Table 1 shows that the average score for all 6,689 seniors across the country who took the test at all 50 universities was 53.2 percent questions correct. The average score for the 7,405 freshmen was almost identical at 51.7 percent correct. Hence, taken together, the 50 universities mostly failed to advance undergraduates from their very limited and beginning freshmen knowledge. The highest gain occurred in the area of the market economy (+3.7%), and the lowest in American history (+0.2%), and the difference between freshmen and senior scores in American history was so small to be statistically no different.

TABLE 1: OVERALL FOR 50 COLLEGES
AVERAGE PERCENT CORRECT ON AMERICAN CIVIC LITERACY QUESTIONS

Test Section	Freshmen	Seniors	Value Added
Overall	51.7%	53.2%	+1.5%
American History	58.3%	58.5%	+0.2%
Political Thought	50.5%	51.4%	+0.9%
America and the World	49.8%	51.5%	+1.7%
The Market Economy	46.8%	50.5%	+3.7%

Source: Intercollegiate Studies Institute (ISI), American Civic Literacy Survey Results.

Tables 2-4 summarize the performance of the three Texas universities surveyed. Total average scores appear as well as the average scores within each of the four areas tested. While the University of Texas-Austin enrolled the highest scoring freshmen as measured by their mean score of 53.85 percent, Baylor University produced the largest civic learning during students' baccalaureates as measured by their average gain score of +2.53 percent.

TABLE 2: BAYLOR UNIVERSITY
AVERAGE PERCENT CORRECT ON AMERICAN CIVIC LITERACY QUESTIONS

Test Section	Freshmen	Seniors	Value Added
Overall	47.63%	50.17%	+2.53%
American History	54.28%	56.37%	+2.09%
Political Thought	47.36%	49.44%	+2.08%
America and the World	43.54%	45.94%	+2.40%
The Market Economy	44.27%	48.03%	+3.76%

Source: Intercollegiate Studies Institute (ISI), American Civic Literacy Survey Results.

TABLE 3: WEST TEXAS A&M
AVERAGE PERCENT CORRECT ON AMERICAN CIVIC LITERACY QUESTIONS

Test Section	Freshmen	Seniors	Value Added
Overall	41.03%	43.54%	+2.51%
American History	47.26%	49.86%	+2.60%
Political Thought	42.21%	43.32%	+1.12%
America and the World	36.45%	40.01%	+3.56%
The Market Economy	37.22%	39.83%	+2.60%

Source: Intercollegiate Studies Institute (ISI), American Civic Literacy Survey Results.

TABLE 4: UNIVERSITY OF TEXAS AUSTIN
AVERAGE PERCENT CORRECT ON AMERICAN CIVIC LITERACY QUESTIONS

Test Section	Freshmen	Seniors	Value Added
Overall	53.85%	55.82%	+1.97%
American History	59.20%	61.41%	+2.22%
Political Thought	53.00%	54.16%	+1.17%
America and the World	50.11%	53.14%	+3.04%
The Market Economy	52.39%	53.58%	+1.20%

Source: Intercollegiate Studies Institute (ISI), American Civic Literacy Survey Results.

Table 5 (next page) compares the performance of these Texas universities with each of the remaining 47 universities outside of Texas. When juxtaposed to the remaining 47 universities, these three Texas universities proved remarkably similar in failing to significantly advance students' knowledge of America's history and institutions, being concentrated slightly above the middle-ranked college in terms of value added.

Taken as a group, these three Texas universities outperformed Johns Hopkins University in civic learning by 9.7 percent, and they also outperformed Yale University by 3.8 percent. However, Rhodes College outperformed these three Texas Universities in civic learning by 9.3 percent, and George Mason outperformed them by 2.7 percent.

TEXAS UNIVERSITIES' PERFORMANCE IN FOUR SUBJECT AREAS

Leaders of Texas colleges might argue that they specialize in one of the four subject areas and they should therefore be ranked by fulfillment of their mission. The rankings of these three Texas universities, however, do not change significantly whether based on overall value added to civic knowledge, or the value added in any of the four areas we tested. **Table 6** (page 5) shows how each college ranks in the four subject areas, with Texas universities highlighted once again. Compared to the ranking in overall civic learning, Texas universities ranked slightly higher in American history, but lower in learning about the market economy.

DID TEXAS UNIVERSITIES' ATTEMPT TO TEACH AMERICA'S HISTORY AND INSTITUTIONS?

Below-average civic course completions among Texas students partly accounts for Texas universities' mediocre performance in civic learning. Overall, first semester seniors at the 50 colleges surveyed had taken an average of 4.5 courses in the civic oriented courses of history, political science, and economics. Alternatively, seniors at the three Texas universities had taken an average of 4.4 of these courses.

While Texas seniors had taken slightly more history and political science courses compared to non-Texas seniors, they had taken fewer economics courses. This partly explains Texas universities' higher ranking in American history and lower ranking in the market economy. The University of Texas at Austin enjoyed the highest proportion of seniors reporting that they had taken at least one survey course in American history at 66 percent, as shown in column six of **Table 7** (page 6). But these survey courses in American

TABLE 5: OVERALL CIVIC LEARNING BY COLLEGE

Rank	College	Freshmen Mean	Senior Mean	Value Added
1	Rhodes College	50.63%	62.23%	+11.60%
2	Colorado State University*	40.64	51.53	10.88
3	Calvin College	49.52	58.99	9.47
4	Grove City College	58.98	68.37	9.39
5	University of Colorado Boulder	39.70	48.58	8.88
6	Spring Arbor University*	39.47	47.76	8.29
7	University of New Mexico	38.70	46.86	8.17
8	University of Mobile*	40.58	48.08	7.50
9	Florida Memorial University*	24.44	31.23	6.79
10	Central Connecticut State University*	39.07	44.08	5.01
11	George Mason University	50.87	55.86	4.99
12	Youngstown State University*	37.63	42.51	4.88
13	North Carolina Central University*	28.94	33.71	4.77
14	Utah State University*	43.84	48.26	4.42
15	Lynchburg College*	43.33	47.33	3.99
16	Catholic University of America	45.88	49.10	3.22
17	University of Massachusetts, Boston*	42.52	45.50	2.97
18	Princeton University	66.03	68.78	2.75
19	Eastern Kentucky University*	31.41	34.14	2.73
20	Boyle University*	47.63	50.17	2.54
21	West Texas A&M University*	47.03	48.54	1.51
22	University of South Alabama*	39.68	41.70	2.01
23	University of Texas at Austin	53.85	55.82	1.97
24	Wheaton College	59.69	61.64	1.95
25	Harvard University	67.81	69.71	1.90
26	University of Washington	48.32	50.13	1.80
27	Appalachian State University*	41.71	43.40	1.69
28	University of North Carolina	54.83	56.46	1.63
29	Capital University*	44.02	45.26	1.24
30	American University*	63.37	64.38	1.01
31	Stanford University	62.21	63.06	0.85
32	University of West Florida*	42.14	42.84	0.70
33	Washington & Lee University	63.61	63.85	0.24
34	Dartmouth College	67.87	67.99	0.12
35	University of Michigan	52.13	52.07	-0.06
36	Ithaca College*	48.79	48.57	-0.22
37	University of Chicago	64.53	64.25	-0.28
38	Mass. Institute of Technology*	63.91	63.53	-0.38
39	Williams College	69.04	68.38	-0.67
40	University of Florida	48.55	48.78	-0.23

Rank	College	Freshmen Mean	Senior Mean	Value Added
41	Wofford College	49.17	48.25	-0.92
42	University of Virginia	63.73	61.66	-1.07
43	Georgetown University	69.15	67.89	-1.24
44	Yale University	69.76	68.28	-1.48
45	University of West Georgia*	34.92	32.89	-2.03
46	Duke University	60.59	58.29	-2.29
47	Brown University	67.47	59.84	-2.64
48	Cornell University*	59.39	56.14	-3.25
49	University of California Berkeley	60.44	54.87	-5.57
50	Johns Hopkins University*	61.71	54.37	-7.34

Source: Intercollegiate Studies Institute (ISI), *American Civic Literacy Survey Results*.

* Randomly selected colleges

history proved somewhat ineffective in significantly increasing their students' learning of American history.

Table 7 also shows the quantity of history, political science, and economics courses taken at each of the 50 colleges, with the colleges listed in order of their average civic learning. Baylor University distinguishes itself among Texas universities by their students take the fewest civic courses but simultaneously producing the highest civic learning, and this is evidence of higher course quality as measured by higher learning per course.

WHAT DO UNDERGRADUATES LEARN AND FAIL TO LEARN AT TEXAS UNIVERSITIES?

Each of the 60 civic questions included on ISI's civic literacy test was intended to test important knowledge. Working with a distinguished board of professors from around the country and outside reviewers, we identified 60 themes that appear in the first column of **Table 8** (page 9). This listing illustrates the range of ideas tested in American history (questions 1–17), American government and political thought (18–31), international affairs (32–47), and the market economy (48–60). The themes consist of basic civic knowledge or concepts, not obscure or arbitrarily selected knowledge.

Column two in Table 8 shows the average learning on each question across all 50 universities. Learning is measured by the percent correct among seniors minus the percent

correct among freshmen. Columns three through five show the civic learning on each question at each of the three universities surveyed in Texas.

Table 8 shows that Baylor undergraduates outperformed their counterparts at other universities in their learning of two economic themes. The largest advantage appeared on question number 54 concerning Keynesian thought. While the typical learning of Keynesian thought is 1.7 percent across the 50 colleges, it was 14.4 percent at Baylor. Baylor students also mastered the definition of free enterprise with a gain of 18 percent, while students at other universities gained only 6.9 percent on this item. The largest shortfall at Baylor compared to other universities consisted in the thought of Abraham Lincoln. While students failed to gain or lose any knowledge of Lincoln's thought at all 50 universities, freshmen actually outscored seniors by 10.6 percent on this item at Baylor, demonstrating "negative learning" of Lincoln at Baylor.

West Texas A&M University distinguished itself most in their students' learning of two history themes. On question 44, 19.4 percent of undergraduates at West Texas A&M gained knowledge about the Vietnam War, compared to only 0.5 percent at other universities. West Texas A&M also significantly outperformed other colleges on history question 13 pertaining to the Reconstruction period following the Civil War. Its worst performance in value added relative to other universities was question number 31 requiring students to conceptually identify the nature of society.

Finally, the University of Texas–Austin distinguished itself most on history question number two. Their students gained 13.5 percent in their ability to identify the Puritan religious tradition, compared to a loss of this ability by 0.6 percent at other universities. It also distinguished itself on government question number 23, requiring the identification of the court case establishing the power of judicial review. Its worst performance relative to other universities was on economic question number 53, requiring students to identify the concept of a public good. On average, students at other universities gained 2.8 percent on this question, while students at the University of Texas–Austin "lost" 11.7 percent of knowledge of a public good.

TABLE 6: CIVIC LEARNING BY CIVIC THEME AND BY COLLEGE
(COLLEGE RANK IN PARENTHESES)

Overall Rank	College	American History	American Politics	International Affairs	Market Economy
1	Rhodes College	+8.9% (5)	+12.4% (1)	+15.3% (1)	+11% (3)
2	Colorado State University	10.1 (3)	9.8 (3)	11.9 (2)	12.2 (1)
3	Calvin College	13.2 (1)	8.0 (5)	7.2 (7)	9.1 (6)
4	Grove City College	9.2 (4)	6.2 (8)	10.6 (3)	11.7 (2)
5	University of Colorado Boulder	10.8 (2)	6.5 (7)	9.3 (5)	8.4 (11)
6	Spring Arbor University	8.9 (6)	10.5 (2)	5.6 (10)	8.4 (10)
7	University of New Mexico	6.7 (9)	6.1 (9)	10.3 (4)	9.7 (5)
8	University of Mobile	4.1 (12)	8.8 (4)	7.5 (6)	10.7 (4)
9	Florida Memorial University	8.8 (7)	6.8 (6)	5.9 (9)	5.2 (19)
10	Central Connecticut State University	7.2 (8)	2.0 (21)	5.2 (11)	5.2 (21)
11	George Mason University	2.5 (18)	2.1 (19)	7.1 (8)	8.6 (9)
12	Youngstown State University	4.2 (11)	4.3 (12)	3.1 (22)	8.6 (8)
13	North Carolina Central University	6.0 (10)	4.7 (10)	3.9 (17)	4.3 (25)
14	Utah State University	4.0 (13)	4.0 (14)	3.2 (20)	6.6 (15)
15	Lynchburg College	0.7 (24)	3.1 (15)	4.9 (12)	8.1 (12)
16	Catholic University of America	1.9 (23)	2.3 (17)	3.9 (18)	4.7 (23)
17	University of Massachusetts, Boston	-0.20 (27)	1.2 (24.5)	4.2 (14)	6.9 (14)
18	Princeton University	1.6 (22)	4.0 (13)	2.1 (26)	0.8 (43)
19	Eastern Kentucky University	-0.8 (30)	2.8 (16)	4.0 (16)	5.8 (17)
20	Saylor University	2.1 (20)	2.1 (20)	2.8 (25)	5.8 (20)
21	West Texas A&M University	2.5 (17.5)	1.1 (27)	3.6 (19)	2.8 (37)
22	University of South Alabama	1.5 (23)	-0.2 (36)	2.9 (24)	2.9 (31)
23	University of Texas, Austin	1.2 (18)	1.2 (25)	1.0 (23)	1.3 (40)
24	Wheaton College	0.1 (25)	1.1 (26)	2.0 (27)	5.2 (20)
25	Harvard University	-1.5 (32)	4.6 (11)	0.8 (30)	3.6 (30)
26	University of Washington	3.0 (14)	0.8 (30)	-0.7 (36)	4.7 (22)
27	Appalachian State University	3.0 (15)	-2.1 (41)	4.4 (13)	0.5 (44)
28	University of North Carolina	2.7 (16)	1.3 (23)	0.9 (29)	1.5 (39)
29	Capital University	-0.3 (29)	-2.4 (42)	4.2 (15)	4.1 (26)
30	American University	-1.3 (31)	0.9 (29)	3.1 (21)	1.7 (38)
31	Stanford University	-2.4 (38)	2.1 (18)	1.5 (28)	2.6 (32)
32	University of West Florida	-0.2 (28)	1.6 (22)	-0.2 (35)	2.1 (36)
33	Washington & Lee University	-1.5 (33.5)	-1.3 (38)	0.6 (32)	3.8 (28)
34	Dartmouth College	-1.9 (36)	0.1 (34)	0.2 (33)	2.1 (37)
35	University of Michigan	-1.8 (35)	-1.3 (37)	-1.6 (41)	5.4 (18)
36	Ithaca College	-0.2 (26)	0.2 (32)	-2.1 (42)	1.1 (42)
37	University of Chicago	-2.8 (41)	0.3 (31)	-3.3 (47)	7.9 (13)
38	Mass. Institute of Technology	-2.5 (39)	-0.1 (35)	-2.5 (45)	4.7 (24)
39	Williams College	-2.9 (42)	1.1 (28)	0.0 (34)	-0.4 (46)

Overall Rank	College	American History	American Politics	International Affairs	Market Economy
40	University of Florida	-2.5 (40)	-1.6 (40)	-0.8 (37)	2.4 (34)
41	Wofford College	-3.4 (43)	-5.1 (48)	-2.5 (46)	8.8 (7)
42	University of Virginia	-3.6 (44)	-3.2 (46)	-2.3 (43)	6.4 (16)
43	Georgetown University	-5.5 (45)	-2.5 (43)	0.7 (31)	-3.9 (27)
44	Yale University	-1.5 (33.5)	0.1 (33)	-2.4 (44)	-0.9 (47)
45	University of West Georgia	-2.4 (37)	-3.4 (47)	-1.9 (38)	-1.1 (48)
46	Duke University	-5.8 (46)	-3.0 (45)	-1.6 (40)	2.2 (35)
47	Brown University	-6.1 (48)	-2.8 (44)	-1.4 (39)	1.5 (40)
48	Cornell University	-5.9 (47)	-1.5 (39)	-5.5 (49)	-0.1 (45)
49	University of California Berkeley	-8.7 (49)	-6.7 (50)	-3.4 (48)	-3.0 (49)
50	Johns Hopkins University	-10.9 (50)	-6.1 (49)	-6.9 (50)	-4.6 (50)

Source: Intercollegiate Studies Institute (ISI), American Civic Literacy Survey Results.

TABLE 7: MEAN CIVIC COURSES TAKEN BY FIRST SEMESTER SENIORS AT EACH COLLEGE (COLLEGE RANK IN PARENTHESES)

Overall Rank	College	Total Courses	History	Political Science	Economics	Percent of seniors who took at least 1 survey course in American History	Percent of seniors who took at least 1 course in Western Civilization
1	Rhodes College	6.72 (5)	2.81 (5)	2.02 (6)	1.89 (6)	35% (21)	27% (32)
2	Colorado State University	4.97 (13)	2.26 (12)	1.50 (16)	1.21 (21)	47 (12)	46 (17)
3	Calvin College	4.41 (21)	1.99 (18)	1.29 (29)	1.13 (23)	20 (35)	63 (6)
4	Grove City College	6.24 (8)	3.26 (3)	1.51 (15)	1.48 (13)	27 (27)	90 (1)
5	University of Colorado Boulder	4.36 (22)	1.85 (21)	1.21 (32)	1.30 (18)	43 (18)	36 (22)
6	Spring Arbor University	2.13 (50)	1.29 (45)	.44 (50)	.40 (49)	44 (17)	35 (24)
7	University of New Mexico	4.05 (28)	1.95 (19)	1.11 (35)	.99 (32)	30 (22)	50 (13)
8	University of Mobile	4.98 (12)	3.00 (4)	1.08 (36)	.91 (40)	65 (2)	60 (8)
9	Florida Memorial University	2.15 (49)	1.08 (48)	.74 (45)	.33 (50)	52 (8)	37 (20)
10	Central Connecticut State University	3.05 (45)	1.81 (23)	.71 (46)	.53 (48)	58 (5)	51 (11)
11	George Mason University	6.89 (4)	3.35 (2)	1.99 (7)	1.55 (12)	62 (4)	76 (3)
12	Youngstown State University	3.26 (43)	1.13 (47)	.80 (40)	1.32 (16)	25 (31)	17 (45)
13	North Carolina Central University	4.04 (29)	1.80 (24.5)	1.20 (33)	1.04 (27)	49 (11)	57 (9)
14	Utah State University	3.57 (32)	1.55 (35)	1.03 (37)	.99 (33)	45 (15)	30 (29)
15	Lynchburg College	4.33 (23)	2.16 (14)	1.23 (31)	.93 (37)	30 (23)	65 (5)
16	Catholic University of America	4.27 (24)	1.73 (28)	1.48 (18)	1.06 (26)	26 (29)	25 (35)
17	University of Massachusetts, Boston	4.00 (30)	1.60 (37)	1.37 (27)	1.03 (29)	40 (20)	43 (18)
18	Princeton University	5.67 (11)	1.89 (20)	1.89 (8)	1.88 (7)	35 (43)	07 (50)
19	Eastern Kentucky University	2.79 (47)	1.44 (38)	.80 (41)	.56 (47)	51 (9)	48 (15)
20	Bellevue University	4.33 (22)	1.62 (31)	1.44 (19)	1.04 (28)	46 (21)	38 (31)
21	West Virginia University	4.63 (19)	2.06 (15)	1.61 (12)	.98 (34)	64 (2)	57 (12)

Overall Rank	College	Total Courses	History	Political Science	Economics	Percent of seniors who took at least 1 survey course in American History	Percent of seniors who took at least 1 course in Western Civilization
22	University of South Alabama	3.56 (38)	2.03 (16)	.62 (47)	.92 (38)	56 (6)	61 (7)
23	University of Texas Austin	4.62 (30)	2.38 (9)	1.33 (28)	.78 (40)	40 (11)	28 (10)
24	Wheaton College	3.31 (41)	1.33 (43)	1.40 (24)	.58 (46)	18 (39)	53 (10)
25	Harvard University	6.35 (7)	2.34 (9)	1.64 (11)	2.36 (2)	10 (48)	24 (37)
26	University of Washington	3.45 (39)	1.32 (44)	1.02 (38)	1.12 (24)	27 (28)	22 (40)
27	Appalachian State University	4.82 (15)	2.40 (7)	1.47 (20)	.95 (35)	45 (14)	69 (4)
28	University of North Carolina	4.78 (16)	2.22 (13)	1.49 (17)	1.07 (25)	44 (16)	46 (16)
29	Capital University	3.60 (35)	1.50 (36)	1.37 (26)	.73 (44)	27 (26)	35 (23)
30	American University	7.36 (3)	2.02 (17)	3.45 (1)	1.89 (5)	25 (30)	26 (33)
31	Stanford University	4.17 (26)	1.41 (41)	1.52 (14)	1.24 (19)	19 (36)	22 (38)
32	University of West Florida	3.27 (42)	1.74 (27)	.77 (44)	.76 (43)	56 (7)	49 (14)
33	Washington & Lee University	6.49 (6)	2.33 (11)	2.11 (4)	2.05 (4)	22 (34)	31 (27)
34	Dartmouth College	4.72 (17)	1.68 (29)	1.45 (22)	1.59 (11)	19 (38)	16 (46)
35	University of Michigan	3.60 (36)	1.60 (33)	1.00 (39)	1.00 (30)	19 (37)	19 (43)
36	Ithaca College	3.35 (40)	1.42 (39)	1.23 (30)	.69 (45)	30 (25)	21 (41)
37	University of Chicago	6.04 (9)	1.77 (26)	1.87 (9)	2.40 (1)	15 (45)	34 (25)
38	Mass. Institute of Technology	2.41 (48)	.68 (50)	.54 (48)	1.19 (22)	10 (47)	09 (49)
39	Williams College	4.55 (20)	1.18 (46)	2.05 (5)	1.33 (15)	15 (44)	18 (44)
40	University of Florida	3.14 (44)	1.05 (49)	.79 (43)	1.30 (17)	30 (24)	19 (42)
41	Wofford College	3.80 (34)	1.80 (24.5)	.53 (49)	1.48 (14)	25 (33)	85 (2)
42	University of Virginia	5.77 (10)	2.33 (10)	1.68 (10)	1.77 (9)	25 (32)	31 (28)
43	Georgetown University	7.47 (2)	2.51 (6)	2.87 (2)	2.09 (3)	09 (50)	32 (26)
44	Yale University	8.25 (1)	3.78 (1)	2.68 (3)	1.79 (8)	16 (42)	25 (36)
45	University of West Georgia	2.99 (46)	1.34 (42)	.79 (42)	.86 (42)	49 (10)	37 (21)
46	Duke University	4.88 (13)	1.67 (30)	1.58 (13)	1.64 (10)	09 (49)	13 (47)
47	Brown University	4.17 (25)	1.83 (22)	1.45 (23)	.90 (41)	16 (41)	13 (48)
48	Cornell University	3.82 (33)	1.42 (40)	1.19 (34)	1.21 (20)	18 (40)	22 (39)
49	University of California Berkeley	3.95 (31)	1.57 (34)	1.39 (25)	.99 (31)	42 (19)	40 (19)
50	Johns Hopkins University	3.90 (32)	1.49 (37)	1.47 (21)	.94 (36)	14 (46)	25 (34)

Source: Intercollegiate Studies Institute (ISI), American Civic Literacy Survey Results.

TABLE 8: AVERAGE CIVIC LEARNING BY QUESTION*

Question Theme (*denotes a NAEP question)	50 Colleges	Baylor	West Texas A&M	Texas Austin
1. Jamestown Colony	-1.00%	+9.49%	+4.96%	-9.74%
2. The Puritan Religious Tradition	-0.60	+0.40	-5.38	+13.51
3. Form of the U.S. Government	-1.00	.82	7.80	4.20
4. George Washington's founding role	+1.20	2.47	8.34	.58
5. The American Revolutionary War	-4.20	-.09	-5.74	-7.70
6. The Inalienable Rights enumerated in the Declaration	+1.20	-3.32	-5.55	-6.23
7. Chronology of major historical events	-2.90	1.24	-5.98	-2.01
8. Origin of the doctrine of separation of church and state	+2.00	2.94	8.23	5.75
9. Outcome of the War of 1812	-2.60	-6.93	4.92	3.62
10. The Thought of Abraham Lincoln	0.00	-10.62	.72	1.18
11. Timing of the Civil War	+2.90	6.04	11.07	.77
12. The New Deal	+2.60	4.98	3.14	1.30
13. Reconstruction*	-2.60	-8.96	10.07	4.29
14. Women's suffrage	-1.00	7.22	-5.00	-2.65
15. Roe v. Wade	+5.60	.22	2.62	11.00
16. Brown v. Board of Education	+3.10	10.97	-1.18	7.59
17. World War II	+2.90	11.57	8.34	6.88
18. Declaration of Independence	+0.30	-.23	-1.11	5.83
19. Plato's Republic	+3.20	-4.58	7.52	-4.12
28. Dr. Martin Luther King Jr.	+3.20	6.56	6.27	4.08
29. Classical thought and relativism	+5.60	7.30	6.56	4.24
30. The Bill of Rights	+0.90	10.17	-3.74	-12.32
31. The nature of society	+0.20	-12.41	-10.94	1.05
32. Thomas Paine and <i>Common Sense</i>	-1.60	2.11	-8.61	-2.87
33. Enumerated Powers	-3.70	-7.53	-2.51	1.15
34. President Washington's foreign policy	-9.30	-14.27	-3.62	-2.80
35. Monroe Doctrine	-8.00	-10.10	3.84	-2.57
36. Traditional Just War Criteria	+2.70	9.88	-6.86	7.98
37. NATO	-1.50	-1.67	-3.41	-5.28
38. Alternative forms of government	+5.60	3.62	12.68	4.07
39. Alexis de Tocqueville (<i>Democracy in America</i>)	+4.80	-.31	6.41	-4.09
40. The United Nations	+4.80	.22	7.17	.77
41. The Cold War and the USSR	+6.10	7.33	10.86	9.25
42. The Kennedy Administration	+1.40	.28	.17	2.26
43. Concept of balance of power	+4.80	9.46	6.60	4.85

TABLE 8: AVERAGE CIVIC LEARNING BY QUESTION[†]—continued

Question Theme (*denotes a NAEP question)	50 Colleges	Baylor	West Texas A&M	Texas Austin
44. The Vietnam War	+0.50%	3.17%	19.37%	3.56%
45. The Cold War	+2.00	5.71	2.02	5.51
46. Saddam Hussein	+7.20	10.13	10.34	9.80
47. Persian Gulf War 1991	+10.90	19.20	8.81	7.66
48. Inflation and the value of money	+8.70	7.86	2.12	9.59
49. Free Enterprise defined	+6.80	17.99	7.36	6.74
50. Source of Market Prosperity	+4.90	4.07	2.74	4.57
51. Gross Domestic Product (GDP)*	+5.60	-2.21	5.96	1.97
52. Definition of business profit	+5.70	10.02	.36	6.52
53. Concept of a public good	+2.80	.46	-1.39	-11.75
54. Keynesian economic thought and policy	+1.70	14.42	7.69	2.53
55. Income distribution in America	-1.00	-83	-7.87	-3.77
56. Gains from trade*	+7.30	4.55	5.95	7.65
57. Law of Demand*	+3.00	-1.52	-.69	-9.55
58. Monetary policy*	-1.80	-10.11	-3.33	1.92
59. Tax Policy	+8.10	16.65	18.25	3.19
60. Federal Budget	-3.20	-6.63	-2.27	-7.57

Source: Intercollegiate Studies Institute (ISI), *American Civic Literacy Survey Results*.
[†]Learning equals average percent correct among senior minus that for freshman.

EXPLAINING THE PERFORMANCE OF TEXAS UNIVERSITIES

Numerous college policies and student characteristics influence a student's civic learning, as demonstrated through multiple regression analysis. For example, when controlling for numerous variables, more scholastic effort—as measured by average weekly hours of homework—uniquely increases civic learning. Seniors enrolled at universities outside of Texas completed an average 13.7 hours of homework per week, compared to 11.2 hours for seniors enrolled in the three Texas universities. The mean hours of homework was highest at the University of Texas-Austin, second at Baylor, and lowest at West Texas A&M.

Other factors, however, dominated this homework influence since Baylor students learned more American civics than students at the University of Texas-Austin, while completing 17 percent fewer hours of homework than University of Texas-Austin students. For instance, students learn more when they are paired with college peers who have similar

levels of knowledge. This similarity in students' civic knowledge allows professors to better match their instruction with students' academic preparation. Otherwise, instruction is too easy and redundant for those more advanced students, who begin the course with civic knowledge well advanced from their college's median student knowledge. At the same time, instruction is too hard for students beginning the course with knowledge well below the median.

Applying this general relationship to Texas universities, the average Texas college student begins college with peers having higher variance in their beginning civic knowledge, compared to a student's peers at universities outside of Texas. This reduces the civic learning in Texas universities from that which it would otherwise be. Baylor had the highest variance in civic knowledge among their enrolled freshmen, while West Texas A&M had the lowest among the three Texas universities surveyed.

However, Texas universities were relatively more successful than other universities in reducing this variance in its stu-

dents' civic knowledge as their students proceeded through the baccalaureate. Baylor was most successful among Texas universities in reducing this variance and thereby increasing students' civic learning.

Finally, Baylor seniors tended to be better supported in their civic learning by having a larger proportion of parents who were married and living together, compared to students at University of Texas-Austin and West Texas A&M. While additional family variables also influence students' civic learning, additional college curricula and governance variables also prove influential in accounting for the remaining variation in individual student learning and colleges' average civic learning.

RECOMMENDATIONS

The evidence suggests that several college policies would increase the average civic learning at the three Texas universities included in the survey. Since Baylor students took a below-average number of civic oriented courses, Baylor would be advised to increase its civic learning by increasing the number of civic courses available, attractive, and even required, especially courses in history and economics.

Alternatively, University of Texas-Austin and West Texas A&M universities need to focus more upon course quality or learning per course, since their students took above-average quantity of civic courses, but performed closer to average in civic learning. Learning per course increases by offering courses that cover more important themes such as those outlined in ISI's civic literacy test, for example, as opposed to more idiosyncratic themes that might cover faculties' research interests.

Increased homework norms, that approach at least the national norm, would further increase learning per course at all three Texas universities. Finally, enrollment policies that increase the similarity of students' beginning civic knowledge at each university would also increase learning, even while the number of courses and homework hours remain the same. Additional and more general recommendations appear in the general report *The Coming Crisis in Citizenship*. ★

About the Author

Dr. Gary Scott is a Senior Research Fellow at the Texas Public Policy Foundation and a Senior Research Fellow in Civic Literacy at ISI, where he is currently directing a research study of colleges' effectiveness at teaching civic subjects. Before joining ISI in February 2003, he served nine years as an associate professor of economics and graduate program director at St. Mary's University in San Antonio, Texas.

His publications include a 1997 book "Learning Capital" and his more recent "Equal Educational Opportunity and the Significance of Circumstantial Knowledge" appearing in the British journal *Education Economics*. He earned his Ph.D. in economics at the University of Notre Dame in 1993.

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The Texas Public Policy Foundation is a 501(c)3 non-profit, non-partisan research institute guided by the core principles of individual liberty, personal responsibility, private property rights, free markets, and limited government.

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The public is demanding a different direction for their government, and the Texas Public Policy Foundation is providing the ideas that enable policymakers to chart that new course.



Regents' Rights & Responsibilities

Prepared by
American Council for Trustees & Alumni
Texas Public Policy Foundation

Active stewardship can make a real difference in what students know and can do when they graduate, in access, cost-effectiveness, and the quality of public higher education. Regents are accountable to a number of constituency groups:

- Students and their parents
- Faculty
- Alumni and donors
- Taxpayers and future generations of Texans

Regents have a broad range of policymaking and fiduciary duties under state law. Regents are entrusted with universities' assets (human, physical and financial) and thus are responsible for the institution's academic affairs as well as its overall health and wise and effective use of its resources. Texas law clearly empowers Regents with the authority to set policies in all areas by passing resolutions, which have the same force as state statutes.

- The **UT System Board of Regents** has authority to "govern, operate, support, and maintain" the component institutions that comprise the system." TEX. EDUC. CODE § 65.31(a); see also 65.11 (stating that the university system's "government" is vested in a board of regents). The board has express authority to "promulgate such rules and regulations for the operation, control, and management of the university system and the component institutions thereof as the board may deem either necessary or desirable." *Id.* § 65.31(c).
- The **Texas A&M System Board of Regents** has similar express rule-making authority: "The board shall make rules and regulations it deems necessary and proper for the government of the university system and its institutions, agencies, and services." TEX. EDUC. CODE § 85.21(a). The board appoints a chief executive officer who "is responsible to the board for the general management and success of the university system, and the board may delegate authority, establish guidelines, and cooperate with the executive officer to carry out that responsibility." *Id.* § 85.17(d).
- The **Texas Tech System Board of Regents** is likewise endowed with broad powers. Under Education Code Section 109.001(c), "the governance, control, jurisdiction, organization, and management of the Texas Tech University System is "vested in the

Regents” and “the board by rule may delegate a power or duty of the board to an officer, employee, or other agent of the board.”

- Under Section 111.20(c) of the Education Code, “the governance, control, jurisdiction, organization, and management of the **University of Houston** System “is hereby vested in the present Board of Regents.”
- Section 105.101 of the Education Code provides the **University of North Texas** Board of Regents “may direct, govern, operate, support, maintain, manage, and control the system.”
- Finally, Section 95.01 of the Education Code states “the organization, control, and management” of the **Texas State University** System “is vested in” its Board of Regents.

The Attorney General has concluded that state universities through policies adopted by the Regents have “**broad authority to provide services and perform functions**” even if the services and functions are not expressly authorized by statute. Tex. Att’y Gen. Op. No. DM-329 (1995) at 7.

Rules adopted by a university system’s regents in the exercise of the board’s delegated authority have the force and effect of law. See *Foley v. Benedict*, 55 S.W.2d 805,808 (Tex. 1932) (rules of the UT System Regents “are of the same force as would be a like” legislative enactment); see also *Fuzekas v. Univ. of Houston*, 565 S.W.2d 299,304 (Tex. Civ. App.-Houston [1st Dist.] 1978) (given that the University of Houston’s board has statutory authority to enact rules as necessary to govern the university, “its rules are of the same force as would be a like legislative enactment”).

A strong and effective board inevitably results in a strong university. Among the most important responsibilities of Regents are to:

- Set the agenda, develop and continually refine a vision for the system, articulate the role of each system component, and insist on quantifiable goals for each institution.
- Be informed, ask questions, and exercise independent judgment.
- Insist on high academic standards and focus on student learning.
- Understand and be prudent stewards of the university’s budget and finances.
- Hire and assess each university’s leader and fire (if necessary).
- Set tuition and work with Coordinating Board on approval of new degree programs.
- Ensure that each institution’s performance measures accurately assess the contributions of various categories of personnel to institution and system-wide goals,

including holding faculty accountable for the amount of teaching performed, their instructional effectiveness, and research productivity.

- Direct each component institution to adopt its own instruments for measuring student progress and programmatic effectiveness and productivity in each program based on metrics that assess value added.
- Identify barriers to greater efficiency, such as governmental and accreditation regulations, and explore alternatives.
- Regularly compare student outcomes, instructional effectiveness, and research productivity to other public institutions, as well as non-profit and for-profit institutions.
- When appropriate apply relevant best practices from the private sector, such as utilizing student contracts and linking department budgets to student demand for courses, student outcomes, and research income.
- Seek qualitative, and if available, quantitative feedback from major employers and graduate programs on preparedness of undergraduates receiving degrees.

Reform will come only if regents take seriously their broad role and stand firm against tactics from within the academy that resist such reforms and attempt to minimize the role of regents.

The Chronicle Review

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From the issue dated December 16, 2005

The Critical Role of Trustees in Enhancing Student Learning

By DEREK BOK

For decades colleges have been administered through a system of shared governance. Although the meaning of the term is ambiguous, causing border skirmishes to break out periodically, shared governance usually means that the trustees concentrate on the overall mission of the institution and on questions of finance, physical planning, fund raising, and, last but not least, hiring and firing presidents. Faculties, in turn, are given the task of taking care of academic matters — deciding on the curriculum, teaching, and hiring and promoting professors.

This scheme has an obvious logic. Faculty members and trustees each have responsibility for the tasks in which they have superior competence. Professors know the most about teaching and curriculum; trustees tend to have the advantage in subjects like finance, budgeting, and physical plant.

Shared governance works well for most purposes. As currently practiced, however, it cannot deal with one important problem — ensuring the highest possible quality of education. In theory, that task should be discharged by the faculty. But even though professors have the most experience in matters of teaching and learning, they feel no urgency to search for the best possible methods to educate undergraduate students.

That is not because professors care only about research; the vast majority are conscientious about their classroom responsibilities and spend much more time teaching than doing research. The difficulty is more subtle. While faculty members may try to do the best they can in class using familiar methods of instruction, they seldom work systematically at improving the methods themselves. Few faculties engage in a continuing effort to assess how much their students are learning, identify deficiencies, develop and test possible remedies, and ultimately adopt those approaches that prove most successful.

Without some process of this kind, it is hard for any human endeavor to improve. College is no exception. Despite many more courses in the catalog and books in the library, it is not clear that undergraduates today are learning more or becoming more proficient in writing, speaking, and critical thinking than their parents and grandparents were when they were students 25 or 50 years ago.

What does seem reasonably clear is that colleges are much less effective than they should be. To cite just a few examples, lecturing remains the most common method of instruction even though much research suggests that more-active forms of teaching help students learn more and remember better what they learn. Although more than 90 percent of professors claim that improving critical thinking is the most important goal of undergraduate education, the great majority of exam questions merely test recall or comprehension of the course materials.

Moreover, surveys show that most seniors do not think they have substantially improved their writing, critical thinking, and quantitative skills during college. Still other findings suggest that many students in basic science courses taught by conventional methods of instruction never understand the underlying concepts but rely on memory to pass the exams. Fewer than 10 percent of seniors believe that their ability to speak a foreign language has improved substantially in college.

As matters now stand, there are no strong incentives to institute the reforms needed to improve upon that record. If applicants could identify which colleges would help them learn most, they might gravitate to those institutions and force the rest to improve their educational programs in order to compete. But students have no way of knowing enough to make such judgments. Instead, they choose the colleges that offer lower tuitions, better financial aid, more attractive facilities, or programs — chiefly vocational — that seem especially useful. As a result, so long as a college keeps abreast of its rival institutions in tuition, financial aid, facilities, and the like, it will suffer no adverse consequences — even though its students may be learning much less than they should.

Many states have tried to achieve high quality by creating performance measures and giving larger appropriations to colleges that score particularly well. Unfortunately, the measures commonly used are much too crude to be effective. Some ask what percentage of entering students graduate; others look to the percentage of seniors who are employed a year after graduation; still others record the scores that seniors receive on standardized tests for entering professional school. Most results are either beyond the influence of the college or chiefly a reflection of how smart the students were when they enrolled, not how much they learned thereafter.

Presidents are the natural source of initiative to see that problems of student learning are identified and reforms are developed. In practice, however, few presidents have made serious, sustained efforts to play that role. Perhaps they fear opposition from their faculties or adverse publicity if they discuss weaknesses in their institutions' educational programs. Perhaps they are too busy balancing budgets and raising money. Certainly the easier course is to direct their energies toward more visible and less controversial goals, such as increasing average SAT scores or building imposing new facilities.

Do trustees have a role in overcoming this weakness? Surely not by taking it upon themselves to evaluate the quality of education and recommend improvements. Such actions would exceed their competence and antagonize the faculty. A better course would be for trustees to ask the president to report on current procedures for assessing the effectiveness of the faculty's teaching and for developing better ways to educate students. Specifically, the board could ask the president such questions as:

- Does the college participate in the National Survey of Student Engagement that determines the prevalence of practices of active teaching and learning that have been shown to be effective in helping students learn? If so, what steps are taken to act on the results?
- What efforts does the college make to assess student progress toward generally accepted goals, such as critical thinking, quantitative skills, writing, and proficiency in a foreign language?
- Are the results of such assessments shared with the faculty, and are they used to identify weaknesses and discuss potential remedies?
- Are funds available to enable instructors to experiment with new teaching methods, and are the results evaluated and publicized within the faculty?
- Is training in classroom teaching given to new faculty members? Does it include exposure to research findings on teaching and learning?
- What use does the college make of teaching evaluations, and how well are those surveys

constructed? (For example, do they ask students to comment not only on the teacher but on what they think they learned?)

- What evidence of a candidate's teaching is collected in reviewing professors for appointment or promotion, how reliable is the evidence, and how much weight does it receive?

Conscientious trustees may worry that any expression of serious interest in the quality of education will elicit noisy charges of meddling and provoke resistance from the faculty. Complaints of that kind have indeed been made in recent years in response to trustee attempts to criticize tenure or require students to take particular kinds of courses. But questions like the ones listed above fit easily within the oversight functions of trustees without purporting to invade faculty prerogatives over how to teach or what courses to require. The traditional roles of trustees are *both* to defend and promote the interests of their institution *and* to represent the concerns and the needs of the public that does so much to subsidize and sustain higher education. Examining the methods used to enhance the quality of education is a natural way of discharging the second role.

Once the trustees have received answers to their questions, they can urge the president to work with the faculty to make the college a more effective learning organization and to report periodically on the results. By so doing, trustees would not presume to dictate how professors should teach their courses. But trustees would give the quality of education a much higher place among the college's priorities. Presidents would receive a powerful mandate to press ahead with programs of assessment and experimentation rather than succumb to the forces of inertia and indifference that so often stifle such initiatives. Professors would have to confront demonstrable problems of teaching and learning.

Unless trustees take such action, the prospects for reform are not promising. How else is progress likely to occur? Students cannot tell whether they are learning less than they should. Alumni are too far removed to take an informed interest. Meanwhile, no faculty ever passed a vote of no confidence to protest the president's failure to act vigorously enough to assess the quality of education and press for innovative methods of instruction. Without more encouragement than they are currently receiving, presidents are likely to continue following the conventional path of pursuing distinction through growing numbers of applicants, higher rankings in *U.S. News & World Report*, and ever larger endowments.

Such efforts will offend no one, but there is also little evidence that they will do anything significant to enhance student learning. If priorities are to change to put greater emphasis on the quality of education, someone will have to alter the incentives and rewards that currently influence academic leaders. No one but the trustees seems capable of accomplishing that result.

Derek Bok is a former president of Harvard University and a former trustee of the University of Massachusetts. His latest book, Our Underachieving Colleges: a Candid Look at How Much Students Learn and Why They Should Be Learning More, will be published next month by Princeton University Press.

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THE SPELLINGS COMMISSION AND YOU

What Higher Education Trustees Can Do
in Light of the Department of Education's
Recent Report

American Council of Trustees and Alumni



THE SPELLINGS COMMISSION AND YOU

What Higher Education Trustees Can Do in Light of the Department of Education's Recent Report

"Urgent reform." That, according to the Commission on the Future of Higher Education, is what our nation's universities need. What's more, the Commission says you can help—by improving the colleges you oversee.

In 2005, U.S. Secretary of Education Margaret Spellings named this blue-ribbon commission to hold a "national dialogue" on higher education. After examining the issues, the Commission issued a report, *A Test of Leadership: Charting the Future of U.S. Higher Education*,* warning that "the sector's past attainments have led our nation to unwarranted complacency about its future." The U.S. has "remained so far ahead of our competitors for so long," the Commission said, that "we began to take our postsecondary superiority for granted."

What happened? "The results of this inattention...are sobering," the report says. While America rests on its laurels, other nations are "educating more of their citizens to more advanced levels than we are."

That's why "urgent reform" is needed—because if we don't urgently reform our system of higher education, the rest of the world may leave us in the dust.

And trustees like you can make the Commission's recommended reforms happen.

Here's where the problems lie—and what you, as a trustee, can do.

* <http://www.ed.gov/about/bdscomm/list/hiedfuture/index.html>.

What the Commission found.

The cost of college is spiraling out of control. Over the last decade, tuition and fees at private four-year colleges and universities have increased by 36%; at public institutions, the increase was a mind-blowing 51%. And according to the Commission, one of the culprits is “inadequate attention to cost measurement and cost management.”

Incentives to keep costs low regrettably don't exist on many campuses. Third-party funding—publicly-subsidized aid and private giving—insulate students and college administrators from the consequences of their spending decisions, as prices soar ever higher.

If these weren't problems enough, the Commission found “disturbing signs that many students who do earn degrees have not actually mastered the reading, writing, and thinking skills we expect of college graduates.” And still, only 66% of full-time college students graduate within six years.

As more money pours into higher education, students and the general public remain completely in the dark as to what they are getting for the ever-accelerating price. There is “no solid evidence” available to determine how much (or how little) students learn at competing institutions. Similarly, the public has no idea if “investment in higher education is paying off and how taxpayer dollars could be used more effectively.”

To streamline this information bottleneck, the Commission has recommended a “transformation of accreditation.” Accrediting agencies award the Congressionally-mandated stamp of approval to colleges, allowing their students to be eligible for federal aid. This certification, however, says virtually nothing about the quality of education—it tends to measure inputs and processes, and not “bottom-line results for learning or costs.” Clearly, things need to change.

What trustees can do.

Now, let's talk about what you, as a trustee, can do to begin to address the issues raised by the Commission. And as you do it, the American Council of Trustees and Alumni—a non-partisan organization with a decade of success in advancing higher education—would be delighted to help you.

Demand efficiency and accountability. The Commission's report calls upon universities to increase their productivity and cut costs—two concepts that are often foreign on today's campuses. Specifically, the Commission recommended:

- New performance benchmarks
- Better cost management
- Increased use of cost-saving technology
- Decreasing barriers for transfer students
- Making more college-level courses available to high schoolers
- Creating more flexible learning opportunities for adult learners

As a trustee, you are in a unique position to encourage your university to innovate in these ways and to hold your administration accountable. The board should work with the university's faculty and administration to make efficiency and accountability central parts of the board's strategic plan and set goals and objectives accordingly.

Trustees must take an active role in governance, insisting that the board hear competing viewpoints on important issues—not just the administration's perspective. And make certain you are involved early in establishing budget priorities. Only when you demand accurate information and ask tough questions can you govern effectively.

You can follow the Commission's recommendations by providing incentives for pursuing innovation and efficient practices, such as modifying traditional academic calendars to use institutions' physical plants and learning programs in more optimal ways.

To ensure trustees are prepared, ACTA advises governing boards to participate in a regular program of orientation and continuing education that deals with the following issues: legal and ethical responsibilities; academic standards; intellectual diversity and academic freedom; budget development; management and auditing; selecting and evaluating new presidents; teacher education and the relation of higher education to K–12 education; managing resources effectively; and setting strategic goals. The best way for boards to perform well is to obtain objective *outside* information on current trends and “best practices.”

Improve student learning. Despite vast increases in both public money and public attention, Department of Education statistics have documented a *decline* in the percentage of college students who have the knowledge and skills they should. That means that colleges don’t just need to become more affordable and more cost-efficient—they also have to do a better job ensuring that their graduates can write well, think critically, read with comprehension, and reason quantitatively.

As a trustee, you can make a real difference when it comes to academic quality. In too many places, institutions allow students to pick and choose from hundreds of courses instead of offering a rigorous general education about basic subjects such as English, history, math, and science. Ask for a listing of general education offerings to determine what students are being asked to learn. What are the course requirements? Are the courses general or narrow? Are they regularly available? It’s up to the board—working closely with faculty and administrators—to establish a rigorous curricular framework that achieves the institution’s educational mission.

And take steps to ensure that students in your institution truly succeed. Reducing or eliminating grade inflation is one way to start so that faculty and students have a clear picture of student learning gains. Introducing learning assessments—in areas such as math and writing—is another approach. Assessments that evaluate student progress highlight areas in which students—and professors—need to improve. These assessments can become part of the university’s continuous

improvement plan and trustees should receive regular reports on how results led to program modifications and improved learning.

Demand Effective Teacher Preparation. Insist on rigorous and effective teacher preparation. Studies consistently show the surest guarantee of student success is a good teacher. And trustees are in a unique position to work for reform in teacher training programs.

The Commission also found that universities have failed to take advantage of technology and innovation in order to produce more effective teaching methods and model curricula. State and federal governments as well as boards of trustees have an important role to play in guaranteeing that institutions are living up to their potential—and making proper and efficient use of the generous public resources they are given.

Trustees should review their institutions' incentive structures and insist that faculty be rewarded for excellent teaching and fresh approaches to classroom instruction. Scholarly research on teaching and learning should be put into practice. Professional development for professors should also be implemented when necessary.

Don't think more money is the answer. As the Commission's report points out, "The bottom line is that state funding for higher education will not grow enough to support enrollment demand without higher education addressing issues of efficiency, productivity, transparency, and accountability clearly and successfully." While institutions often say otherwise, the reason today's colleges have problems is not that they don't have enough money—it's that they're not spending what they've got efficiently.

Think about it. Today's high-tech world is changing rapidly. Just thirty years ago, there was no such thing as CNN or the laptop computer, let alone the iPhones today's college students use. Has the academy adapted along with every other business? No. It is still doing things much the same way it always has.

It is your fiduciary duty to expect better. Request and review all financial information, including a breakdown of how tuition is calculated, in order to identify and reduce unnecessary costs. Consider establishing strict graduation requirements or credit-hour limits so that students don't have to be enrolled for more than four years and don't eat up taxpayer money. Question the administration when it seeks to introduce narrow or trendy courses and demand that your university be more financially prudent by exploring expanded teaching loads, reductions in administrative staff, and combining programs. Ask for program productivity assessments—at least biennially—so that the board can close unproductive programs.

Improve accreditation. Accreditation associations often interfere in the affairs of the board of trustees, requiring major allocations of resources or revisions of policy. Never allow your governance authority to be overridden in this way. Appoint a committee or task force to monitor the accreditation process and coordinate the board's participation. Consider soliciting bids for accrediting services, just as you do for other services.

You can also encourage your administration to release consumer-friendly information about graduation rates, core curricula, and student achievement. Tell the public what it needs to know. Make accreditation reports publicly available.

ACTA can help.

The American Council of Trustees and Alumni works with trustees from colleges and universities around the country to promote high academic standards, a strong liberal arts-based core curriculum, an end to grade inflation, improved teacher training, and increased accountability.

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About ACTA

The American Council of Trustees and Alumni (ACTA) is a non-partisan, 501(c)(3) educational organization committed to academic freedom, excellence, and accountability at America's colleges and universities.

Founded in 1995, ACTA is the only national organization that is dedicated to working with alumni, donors, trustees and education leaders across the country to support liberal arts education, uphold high academic standards, safeguard the free exchange of ideas, and ensure that the next generation receives an open-minded, high-quality education at an affordable price.

ACTA has members from colleges and universities across the country. Its quarterly publication, *Inside Academe*, goes to over 12,000 readers, including over 4,000 college and university trustees.

Anne D. Neal is President of ACTA. From 1990 to 1992, she served as General Counsel and Congressional Liaison of the National Endowment for the Humanities. Prior to joining NEH, Ms. Neal specialized in the First Amendment at the New York City law firm of Rogers & Wells. She holds degrees from Harvard College and Harvard Law School.

Jerry L. Martin is Chairman of ACTA. From 1988 to 1995, he held senior positions at the National Endowment for the Humanities, including Acting Chairman in 1993. Prior to joining NEH, Dr. Martin was Chairman of the philosophy department at the University of Colorado-Boulder. He holds degrees from the University of California-Riverside, University of Chicago, and Northwestern University.

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Breakthrough Solution #1: Measure Teaching Efficiency and Effectiveness and Publicly Recognize Extraordinary Teachers

The Goal

This reform is designed to improve the quality of teaching by providing the Board of Regents with a simple tool to measure faculty teaching performance and to publicly recognize excellent teachers.

Notes

Carrying Out the Reform

1. *Gather the data and measure teaching efficiency and effectiveness.*
 - a) Compile the following information for each teacher:
 - i) Salary and benefit costs.
 - ii) Number of students taught in the last twelve months.
 - iii) Average student satisfaction rating.
 - iv) Average percentage of A's and B's awarded.
 - b) Divide the total employment cost for each teacher by the number of students taught, and force rank from highest cost per student taught to lowest cost per student taught.
 - c) Compare student satisfaction ratings and grade distributions.
 - d) For high-cost faculty, collect and read all research articles published in the last twelve months.
2. *Publicly post the student satisfaction ratings and number of students taught for each teacher in several prominent locations at their respective colleges.*

This will help students identify the best teachers and encourage all teachers to improve their effectiveness and efficiency.

Possible Objections

Notes

1. *Some may seek to substitute tenured faculty committees for rating faculty effectiveness or use such committees to adjust student satisfaction ratings.*

Research shows that student satisfaction ratings remain one of the best measures of teaching effectiveness, especially when coupled with student-teacher contracts that describe what students should expect to learn and limits on grade inflation.

2. *Some may seek to credit the "teacher of record" for teaching students, instead of the teaching assistant or part-time faculty member who is actually teaching students.*

The number of students taught should be credited to the person who spent the most time in a class with students.

3. *Some may seek to exclude teaching assistants and part-time faculty members from any comparison.*

All teachers should be included.

4. *Some research papers list as authors researchers who may have had only a passing involvement in the research.*

Credit should only be given to faculty members who did the bulk of the research.

Determining Teaching Efficiency Example

Name	Total Compensation	Total number of students taught	Cost per student	Average Student Satisfaction rating	Percentage A's/B's/A+B
Smith, Joe	\$200,000	10	\$20,000	4.3	100%/0%/100%
Walker, Al	\$135,000	55	\$2,455	4.55	50%/40%/90%
Jones, Nancy	\$128,000	58	\$2,207	4	40%/40%/80%
Reed, Betty	\$90,000	140	\$643	3.9	50%/35%/85%
Palmer, Sue	\$78,000	125	\$624	4.6	10%/40%/50%
Franklin, John	\$68,000	200	\$340	4.7	15%/25%/40%
Lewis, Bill	\$45,000	125	\$360	4.4	20%/40%/60%

Process:

- (1) List total compensation per faculty member, including benefits (30%), chairs and all other university income.
- (2) List number of students taught (not including students taught by TA's).
- (3) Divide (1) by (2) to get cost per student taught.
- (4) Add average student satisfaction survey score and grade distributions.
- (5) Sort by (3), highest to lowest.
- (6) Most effective and efficient teachers will be low cost/student, high student satisfaction scores and a reasonable grading curve.
- (7) Read the research of the least effective and efficient teachers and determine a cost per article.

Does a Degree Cost Too Much?

Year after year the presidents of state universities plead with legislators and donors for more money, even as they increase tuition faster than the rate of inflation¹. After decades of rising costs, many middle class families have found that a college education is either beyond their means or requires borrowing large sums of money.

A review of the pay and productivity of faculty at one college within a large, typical public university (not named so as not to single out one institution) shows strong evidence that the costs of a college education may be far higher than necessary, with a highly paid tenured faculty costing over six times per student than non-tenured teachers.

The difference in pay and productivity between tenured professors and non-tenured teachers raises serious questions about the cost structure of the universities. Questions that need to be answered before legislators, taxpayers or parents are asked to pay for future cost increases.

Differences in Faculty Pay and Productivity²

	% of Students Taught	Cost per Student per course ³
Tenured and Tenure Track Faculty	53%	\$ 886
Non-Tenure Track Teachers	47%	\$ 143

Tenured and tenure track faculty ("tenured faculty") teach approximately 53% of the student contact hours; the remaining 47% are taught by adjuncts; teaching assistants or clinical professors ("non-tenure track teachers").⁴ Despite being more highly paid, tenured professors typically teach far fewer students. Because of these differences in pay and productivity, it costs \$886 for each student in each course taught by tenured faculty, compared to \$143 per student per course for non-tenure track teachers.

Questions Raised by the Differences in Pay and Productivity

These wide discrepancies in pay and productivity between non-tenure track teachers and tenured faculty suggest several possibilities:

1. Non-tenure track teachers are poorly paid because they are not as qualified to teach as tenured faculty, which would mean that 47% of the education delivered at the university is substandard;

¹ For more information, read *Going Broke by Degree* by Richard Vedder.

² Obtained through a Freedom of Information Act request after school officials refused to release the data.

³ Cost per student per course is calculated by dividing a teacher's annual pay and benefits by the number of students taught each year.

⁴ "Adjuncts" are part time faculty who typically do not have a PhD; Teaching Assistants are graduate students working on their PhD's and Clinical Professors are faculty primarily hired for their teaching abilities.

2. Non-tenure track teachers and tenured faculty are equally qualified to teach, but tenured faculty have such low productivity that the cost per degree is far higher than it needs to be;
3. Non-tenure track teachers and tenured faculty are equally qualified to teach, but the difference in teaching productivity is a result of time spent by tenured faculty on valuable scholarly research.

Are non-tenured teachers not as qualified as tenured faculty?

The administration of the university refused to release student teaching evaluations, so no direct comparison of the teaching abilities of tenured professors and non-tenured faculty are possible.

If non-tenure track teachers are not as qualified in the classroom as tenured faculty, thousands of students are receiving a substandard education.

However, at many universities, non-tenure track teachers are *more* highly rated than tenured or tenure track faculty. If this is the case, tenured faculty are even less productive than shown above.

Are costs too high?

If non-tenure track teachers are as qualified to teach as tenured faculty, parents and taxpayers are paying far too much for each college degree.

For example, if all courses were taught as efficiently as those taught by non-tenure track teachers, the college's annual budget would drop from \$10.4 million to \$4.3 million, a savings of over \$6 million. Put another way, with the same budget, over twice as many degrees could be awarded.

If overhead were reduced proportionately with teaching costs, the school's annual budget would drop from \$10.4 million to \$3.2 million, a savings of over \$7 million. In this case, with the same budget, over three times as many degrees could be awarded.

Is the difference in productivity due to scholarly research?

A third possibility is that the difference in productivity between non-tenure track teachers and tenured faculty is the time tenured faculty spend writing scholarly articles for scholarly journals. If this is true, academic journal articles are costing taxpayers and parents between \$6 to \$7 million each year.

Critics have suggested that academic journal articles are written primarily for other academics, and contribute little in value to society⁵. At the very least, the quality and contributions of should be reviewed by disinterested third parties.

⁵ For more information, see *Impostors in the Temple* by Martin Anderson.

Next Steps Toward Transparency and Accountability

There are a number of ways that transparency and accountability could be strengthened to lower costs and improve teaching:

1. **Ask the administration to release student ratings or set up an alternative system to collect and publicize student ratings.**

A teacher who is both highly paid and poorly rated should at least be subject to public scrutiny, if not encouraged to resign.

2. **Determine the true cost of academic research papers and whether or not they are worth the expense.**

Donors, legislators and parents could press the administration to publish a list of the academic research papers produced by the faculty each year. Dividing the \$6 to \$7 million in unnecessary costs by the number of research papers published each year would reveal the average cost of a research paper. An independent panel of donors and business leaders could randomly sample research papers to determine whether or not the articles contributed at least this much in value to the community.

3. **Reward good teachers directly.**

Once the student ratings were added to the information above on pay and productivity, it would be relatively simple to create a compensation system that rewarded teachers for teaching well. An award program could be created by donors or the Legislature could insist that future funding increases go to encourage better teaching.⁶

Summary

Universities need a far more transparent system to hold faculty accountable for efficient and effective teaching, and such a system should answer to the people who are paying the bills, instead of those cashing payroll checks.

The large difference in pay and productivity between non-tenure track teachers and tenured faculty suggests that either: (1) many students are being taught by non-tenure track teachers who are not as competent as tenured faculty; or (2) the costs of using tenured faculty to teach are extremely high; or (3) large sums of money are being diverted to academic research.

Most donors, taxpayers and parents are more concerned about preparing the next generation of business leaders than academic journal articles. Even if the differences in productivity are caused by time spent on scholarly research, donors, legislators, taxpayers and parents deserve an honest accounting of the cost of such research, and its impact on the quality or teaching and number of degrees awarded by the school.

⁶ For more information, see *Faulty Towers* by Ryan Amacher and Roger Meiners.

Breakthrough Solution #2: **Recognize and Reward Extraordinary Teachers**

The Goal

Breakthrough Solution #2 will offer voluntary cash bonuses to improve the effectiveness and efficiency of teaching on Texas college and university campuses and attract the best teachers from all across the nation to Texas.

Bonuses will be widespread, significant and based on how well a course delivers on its learning objectives.

Since up to 25% of the faculty each semester will receive a teaching bonus, every faculty member will have an incentive to improve his or her teaching skills. The top awards will be up to \$10,000 a class, so once a teacher receives a lower-level bonus, there will be a strong incentive to continue to improve.

Basing bonuses on how well students judge that a course delivered on its promises will encourage faculty to be as explicit as possible about the learning objectives for each course, making it easier for administrators to judge the effectiveness of the curriculum and coordinate class offerings.

Finally, since the bonuses depend not only on the quality of teaching but on the number of students taught, the best teachers will have an incentive to teach even more students.

Notes

Carrying Out the Reform

This reform would provide a voluntary bonus system based on customer (student) feedback, to reward the most effective and efficient teachers and encourage the entire faculty to improve its teaching skills.

1. *The reform would use existing evaluation forms.*

The bonus plan would be easy to implement. Students would use the existing teaching evaluation forms to judge how effectively a class delivered on its promises. The teachers of classes ranked in the top 25% each semester would be eligible for an award.

2. *The awards would be up to \$10,000 per class.*

Teachers whose classes were rated in the top 3% of all classes would receive up to \$10,000, depending on the number of students taught. Teachers of classes rated from the top 10% to the top 3% would receive up to \$5,000 per class and teachers rated between the top 25% and the top 10% would receive up to \$2,500 per class. Teachers in the lower award categories would have an incentive to do an even better job teaching the next semester, to earn even larger bonuses.

3. *Bonuses would encourage the best teachers to teach more students.*

Awards would be based on the ratings of each class *and* the number of students taught, so excellent teachers would be encouraged to teach as many classes and students as possible.

4. *The awards would be voluntary.*

The awards would be voluntary, so faculty who objected to incentive pay could refuse the bonus with no harm done to anyone.

5. *Bonuses could help curb grade inflation.*

If the faculty is concerned that relying on customer (student) satisfaction ratings would result in a "popularity contest," voluntary maximum limits on the number of A's and B's awarded in each class could be included in the bonus plan, which would have the added benefit of curbing grade inflation.

6. *All teachers would be eligible for the bonuses.*

Adjuncts, teaching assistants or tenure / tenure track faculty – all teachers – would all be eligible to participate in the bonus program. Since many non-tenured teachers make as little as \$10 an hour, the incentive effects would be strong, likely strong enough to draw more excellent teachers to Texas colleges and universities. Since on many campuses these non-tenured faculty teach the majority of students, the effects on teaching efficiency could be significant.

7. *The program is likely to pay for itself through efficiency gains.*

Since the largest awards are limited to the top 3% of the classes, the overall cost of the bonus program would be quite low, approximately 6% of payroll if all faculty participated. The increased efficiency from having the best teachers teach more students is likely to mean that the bonus plan will save money in the long run, even considering the cost of the bonuses.

8. *Awards will be given in a college-wide ceremony each semester and results would be posted publicly.*

Honoring and rewarding the best teachers could have a significant impact on the perceived value of teachers on Texas college and university campuses.

Possible Objections

1. *Are student evaluations merely a "popularity contest"?*

Often tenured faculty will object to being measured based on customer (student) satisfaction, claiming that such ratings are merely "popularity contests."

Extensive research shows that teachers who communicate well are more effective teachers. Research also shows that students, an increasing number of whom are adults, are capable of judging teaching effectiveness, especially when the deliverables for a class are clearly stated.

Finally, since students and the teacher are the only people in the classroom, the only substitute for customer (student) feedback is to allow the faculty to rate itself, an alternative with serious conflict of interest problems.

Research does show that students will rate a teacher who gives all A's slightly higher than a teacher with a more difficult grading curve. To eliminate this concern, any teacher who volunteered to participate in the bonus program could be asked to limit the maximum number of A's and B's awarded.

2. *Shouldn't customer satisfaction ratings be adjusted for other factors, like the amount of reading or the quality of the course?*

Some will suggest various measures and numerous faculty committees to adjust customer (student) satisfaction ratings until they provide outcomes that are more palatable to the tenured faculty. This should be avoided at all costs.

The purpose of this program is to recognize, reward and encourage excellent teaching. Thus any non-teaching criteria, such as research, committee work or service work, are not germane to determining the awards.

Course difficulty is not relevant because every course should be challenging to students and force them to learn and stretch. A 101 intro to literature course shouldn't be any "easier" for a freshman than an advanced 401 physics course for a senior physics major – both should require students to learn and grow and stretch based on the base of knowledge they bring to the course.

3. *Shouldn't only tenured and tenure track faculty be eligible for the awards?*

Adjunct and non-tenure track faculty now account for 70% of faculty at America's colleges and universities and teach the majority of students. Excluding teaching assistants, adjuncts and other non-tenured / tenure track teachers would be to exclude from awards those who are teaching the majority of students.

4. *Doesn't this only focus on teaching and ignore research, which is inextricably tied to good teaching?*

Kenneth A. Feldman, a sociologist at the State University of New York at Stony Brook, reviewed and analyzed forty-two separate studies, conducted over twenty years, on the relationship between the research productivity of professors and their effectiveness as teachers. The consensus of these forty-two studies was stark and simple: "there was not a clearly discernible relationship between research productivity and teaching skill."¹

¹ Anderson, Martin. *Imposters in the Temple: A Blueprint for Improving Higher Education in America*, Stanford, CA: Hoover Institution Press (1996) 117

**University of Oklahoma
Teaching Excellence Awards
Pilot Program 2006-07**

Introduction

We are proposing a \$360,000 pilot program for the 2006-07 academic year to recognize, reward and encourage excellent teaching in the College of Engineering and the College of Business at the University of Oklahoma.

Under the proposed program, each semester, the teachers of the top forty classes in each college would receive awards of up to \$10,000 per class. Classes will be ranked based on student evaluations of their teacher and course effectiveness, and the award program will be open to any tenured, tenure track, adjunct or teaching assistant who submits his or her student evaluations.

Program Objectives

The objectives of the Teaching Excellence Awards are to:

1. Reward excellent teaching.
2. Encourage teachers to improve their teaching skills and the effectiveness of their courses.
3. Motivate exceptional teachers to teach more students in more sections.
4. Support the University's goal of increasing the number of classes with fewer than twenty students.
5. Determine whether the pilot should be expanded university-wide in 2007-08.

Program Structure

Because the program is voluntary and funded with outside donations, it would reward excellent teaching without harming anyone who does not want to participate. Rewards would be given to the teachers of the top forty classes in each college in the fall and spring, based on how students rated the effectiveness of the teacher and class and the number of students taught.

1. *The program would be voluntary.*
Only teachers who submitted their student evaluations would participate in the program.
2. *The program would be funded by outside donations.*
All awards would be funded by outside donors so that no existing program would be affected.

3. *Teachers would receive awards based on the ranking by students of the overall effectiveness of the teacher and the course and the number of students taught.*

Classes would be ranked based on how highly students rated the effectiveness of the teacher and course. The student evaluation forms currently collected by the colleges will be used to determine awards. The numerical response to the two questions on the existing evaluations regarding overall course and teacher effectiveness will be averaged to determine the final rank

Teachers will be rewarded based on both overall effectiveness *and* the number of students taught. Teachers who teach larger numbers of students will earn larger rewards. But in order to support the university's goal of having as many classes as possible with less than twenty students, the award per student for classes with fewer than twenty students will be higher *per student* to encourage the teaching of smaller sections where appropriate.

The teachers of each of the top five rated classes in each college (approximately 3% of the total classes) would receive an award of up to \$10,350 per class. The teachers of the next ten highest rated classes in each college (classes ranked between the top 3% and 10% of the total classes) would receive an award of up to \$5,175 per class. The teachers of the next twenty five highest rated classes in each college (classes ranked between the top 10% and 25% of the total classes) would receive an award of up to \$2,583 per class.

4. *Awards will be given in a college-wide ceremony each semester and results would be posted publicly.*

Reward Program Benefits

1. *Exceptional teachers will be encouraged to teach more students.*
Awards are based on the number of classes and students taught, so excellent teachers will be encouraged to teach more classes and students.
2. *Teachers will be inspired to improve their courses and teaching technique.*
The teachers of 80 classes (out of approximately 300 classes offered) will receive substantial awards. This means any teacher in the colleges can aspire to win an award and move towards the higher reward categories.
3. *Smaller classes would be encouraged for most classes but extraordinary teachers teaching large classes would be recognized as well.*
Smaller class sizes would be encouraged because teachers would be awarded more per student for the first nineteen students in each class and each honors student would be counted as two regular students for award purposes. While the award per student decreases with class size, teachers will receive an incremental award for each additional student taught (up to 300 per students

per class), ensuring that exceptional teachers of large sections will be rewarded too.

4. *Every good teacher would be eligible for an award.*
Tenure and tenure track teachers would receive the maximum reward per student. Adjuncts would receive up to seventy five percent of the maximum reward and teaching assistants up to fifty percent of the maximum award.

Since in some colleges up to fifty percent of the student hours are taught by non-tenured or non-tenure track faculty, this means better teaching will be encouraged at all levels.

5. *Tenured and tenure track faculty would be rewarded for teaching more classes.*
Tenured and tenure track faculty would be encouraged to teach more classes and students because eligibility would be limited to tenure and tenure track faculty who teach a minimum of six hours or 100 students each semester and lead at least 90% of the student contact hours in a class. (If a teaching assistant teaches the majority of the contact hours, it would be the teaching assistant who would be eligible for the award.)

Possible Incentive Effects

One of the most exciting possibilities of the Teaching Excellence Awards is how it could encourage teachers to improve their teaching effectiveness and teach more sections and more students.

The chart below gives examples of how the program might improve teaching at the University of Oklahoma at no cost to the university or taxpayers.

Examples of Possible Incentive Effects of the Teaching Effectiveness Awards					
Example	Annual Compensation Before Awards	Award	Annual Compensation with Award	Incentive Effect	Annual Compensation after Incentive Effect
Tenured Professor	\$60,000	Top 3% each semester with 19 Honor Students	\$79,000	Adds another Honors section each semester	\$98,000
Tenured professor	\$60,000	Top 5% in two classes each semester with 25 students each	\$70,700	Adds 15 students per section	\$73,700
Adjunct	\$6,000	Top 15% in one class each semester with 20 students	\$7,824	Adds 20 students	\$8,584
Teaching Assistant	\$12,000	Top 15% in two classes each semester with 30 students each	\$14,928	Adds 15 students per section; moves to top 5%	\$19,388

Appendix

Program Summary

University of Oklahoma Teaching Excellence Awards (per semester)												
	Top 3%				Between 3% and 10%			Between 10% and 25%			Grand Total	
	Estimated Classes Eligible	Classes	Maximum Award per Class	Estimated Total Awards	Classes	Maximum Award per Class	Estimated Total Awards	Classes	Maximum Award per Class	Estimated Total Awards	Classes	Total \$
College of Business	151	5	\$10,350	\$27,825	10	\$5,175	\$27,820	25	\$2,588	\$34,775	40	\$90,420
College of Engineering	150	5	\$10,350	\$27,825	10	\$5,175	\$27,820	25	\$2,588	\$34,775	40	\$90,420
Total	301	10		\$55,650	20		\$55,640	50		\$69,550	80	\$180,840

Note: Total cost estimates assume an average class size of 40; assumes 25% of awards will be to adjuncts and 25% to teaching assistants.

Awards detail for top 3% of classes

Awards for Teachers Whose Courses are Ranked in the Top 3%									
	Awards per Student per Class					Maximum Award per Class			
	Honors courses	Regular Students				Honors courses	Regular Students		
	Less than 20 Students	First 19 Students	From 20 to 49 students	From 50 to 300 students	Over 300 students	Less than 20 Students	19 students	50 students	300 or more students
Tenure/Tenure Track	\$500	\$250	\$100	\$10	\$0	\$9,500	\$4,750	\$7,760	\$10,260
Adjunct	\$375	\$188	\$75	\$8	\$0	\$7,125	\$3,572	\$5,830	\$7,830
Teaching Assistant	\$250	\$125	\$50	\$5	\$0	\$4,750	\$2,375	\$3,880	\$5,130

Awards detail for between the top 3% and top 10% of classes

Awards for Teachers Whose Courses are Ranked Between the Top 3% and 10%									
	Awards per Student per Class					Maximum Award per Class			
	Honors courses	Regular Students				Honors courses	Regular Students		
	Less than 20 Students	First 19 Students	From 20 to 49 students	From 50 to 300 students	Over 300 students	Less than 20 Students	19 students	50 students	300 or more students
Tenure/Tenure Track	\$250	\$125	\$50	\$5	\$0	\$4,750	\$2,375	\$3,880	\$5,130
Adjunct	\$188	\$94	\$38	\$4	\$0	\$3,572	\$1,786	\$2,930	\$3,930
Teaching Assistant	\$125	\$63	\$25	\$3	\$0	\$2,375	\$1,197	\$1,950	\$2,700

Awards detail for between the top 10% and top 25% of classes

Awards for Teachers Whose Courses are Ranked Between the Top 10% and 25%									
	Awards per Student per Class					Maximum Award per Class			
	Honors courses	Regular Students				Honors courses	Regular Students		
	Less than 20 Students	First 19 Students	From 20 to 49 students	From 50 to 300 students	Over 300 students	Less than 20 Students	19 students	50 students	300 or more students
Tenure/Tenure Track	\$125	\$63	\$25	\$3	\$0	\$2,375	\$1,197	\$1,950	\$2,700
Adjunct	\$94	\$47	\$19	\$2	\$0	\$1,786	\$893	\$1,465	\$1,965
Teaching Assistant	\$63	\$31	\$13	\$1	\$0	\$1,197	\$589	\$980	\$1,230

Are Student Evaluations a Valid Way to Measure Teaching Performance?

Introduction

If community and business leaders in Texas want to prepare our next generation for more productive and meaningful lives, we need to improve the quality of teaching in our colleges and universities. But how do you measure the effectiveness of teaching?

One way of course, it to define what skills and knowledge a student should learn, and then test to see if these skills and knowledge have been delivered. This is a noble goal, but these tests will take time to design and implement.

In the meantime, student evaluations – the end of semester surveys where students rate the effectiveness of a course and teacher – are a simple and powerful way to measure a teacher’s performance in the classroom.

Objections against Using Student Evaluation Forms

Professors who disagree with using student feedback to measure their performance in the classroom typically argue that:

1. Students are not capable of judging how much they have learned;
2. Evaluation forms are biased, especially against teachers who assign more material, grade harder or are not “natural performers.”
3. Teaching evaluation is best done by tenured faculty or professional educators.

Responses to Objections against Student Evaluation Forms

If the teaching contract between student and teacher clearly describes what a course promises to deliver and the student understands which types of feedback are most helpful for a teacher, teachers have found that student evaluations are an extremely accurate gauge of the learning that takes place in a classroom. You only need to ask students to grade on a “1 to 5 scale” how well the course and (separately) the teacher have delivered on what was promised to judge whether real learning has taken place.

Below are responses to the common objections:

Objection #1: Students (and parents) cannot measure whether or not they are learning the right tools, skills and lessons in class.

Response: If the learning contract is clearly drawn, students can judge whether or not they have learned anything.

We allow eighteen-year-olds to vote and go to war. We believe young adults are capable of making complex purchasing decisions about automobiles and insurance. It simply makes no sense to assert that college students are not capable of judging the amount of learning that's being delivered in a classroom.

Yet academics, as one observer puts it, "cling stubbornly to the view that students and employers, for example, are fairly unsophisticated when it comes to the subject of learning, easily fooled by unscrupulous institutions, and generally do not readily know what it is that is best for them in terms of education, degrees, fields of study, and so forth. Such a view has the potential of preventing institutions from treating students as intelligent customers."⁴

If a class is poorly designed or the learning objectives are unclear, students may have a difficult time deciding whether or not a class has delivered as promised. But that is the fault of the teacher who designed the course, not the student. And even in poorly defined courses, students still know whether or not they have learned anything at all.

Objection #2: Student feedback is biased against teachers who assign more material, grade harder or who are not natural "performers."

Response: Any bias towards lenient teachers is slight and correctable.

There have been scores of research reports on this subject. There does seem to be a slight bias toward teachers who grade leniently, but the bias is statistically small and easily erased by asking teachers to cap the number of A's and B's awarded. Teachers who are "natural performers" – in other words can deliver information in an entertaining way – should be rated more highly and be preferable to faculty who deliver stale, boring and lifeless lectures *if they deliver equal or greater learning*.

The Harvard Business School is well known as an institution that puts a high value on teaching. For decades the school has used student evaluations, along with limits on the number of high grades that professors can award, to measure teaching evaluations and found them to be extremely effective.

Objection #3: Teaching evaluation is best done by tenured faculty or professional educators.

Response: Most tenured faculty have neither the training or the interest in measuring teacher effectiveness.

This is the equivalent of letting the fox guard the henhouse. It brings to mind the story of a tenured professor who insisted: "I did a great job teaching, but the students refused to learn." He was stopped in his tracks by a colleague who asked: "Could you define the meaning of the word 'teach' in your last sentence?"

Too many tenured faculty members know little about teaching and care even less; the average full professor at a research university spends only 21% of his or her time teaching undergraduates. Most professors receive no training in teaching or course design. Few

professors systematically observe other teachers, so tenured faculty members are more likely to judge a teacher's value based on gossip, personality or (if they read them) teaching portfolios. Teaching portfolios and "statements of purpose" are perfunctory reports that have little to do with good teaching.

One observer dismisses the idea that the tenured faculty has objective ways to monitor the teaching effectiveness of their colleagues: "*To the contrary, there is evidence that what is known about someone's classroom performance is fabricated from gossip, rumor, ex parte evidence, and other random and unreliable means of intelligence.*" [Emphasis added]¹

At most major universities, rarely if ever does a tenured faculty member observe another teacher's class. Given this lack of interest on the part of the tenured faculty, student evaluations are the best tool we have to compensate for the political judgments of a tenured faculty.

Summary

Student driven teaching evaluations are a simple way to judge how much learning has taken place in the classroom.

Schools that focus on teaching and learning – like the Harvard Business School – have clearly demonstrated that student evaluations, when coupled with limits on the number of high grades that can be awarded, are an accurate gauge for measuring learning.

Student evaluations are not perfect, but they are far preferable to having teacher effectiveness judged by tenured professors, many of whom have little training in evaluating teaching effectiveness, care little about teaching in general or have never seen the teacher in question perform in a classroom.

If the business and community leaders of the state of Texas want to improve the quality of teaching in our colleges and universities, they should make more use of student evaluations as a way to judge student learning, pay more to the professors who can teach large numbers of students well, and encourage those who do not to move somewhere else.

¹ Ruch, Richard S., *Higher Ed, Inc.: The Rise of the For-Profit University* (2003) p. 69

² Sykes, Charles J., *ProfScam: Professors and the Demise of Higher Education* (1988) p. 57 [Source: Lewis, Lionel, *Scaling the Ivory Tower*, Baltimore, Maryland, Johns Hopkins University Press, 1975 p. 23]

Clarion Call

A Tale of Two Teachers: The Curious Lives of Non-Tenured Professors



Some non-tenure track professors have job security and good salaries, while others lack both.

By Dirk Mateer

March 25, 2008

These days, many college classes – probably more than half of lower-division courses -- are staffed by contingent faculty. To most people, that means adjuncts -- itinerant teachers who fill in when tenured faculty are too busy or when demand for large courses outstrips supply. They go from school to school, patching together a low-level career while carrying the brunt of the work of education.

The actual picture is more complex, however. I know that because my wife, Leslie, and I are both off the tenure track – but at different elevations.

We are a happily married couple with a joint career in academics. I have a Ph.D. in economics and work as a full-time lecturer. Leslie is a part-time lecturer in the humanities. We both very much enjoy our jobs at Penn State University. This story is not about Penn State University, which treats us well, but about the employment conditions for contingent employees. Penn State happens to be the backdrop for this exploration.

I have a multi-year contract, with renewal by mutual consent. My classes are usually on Tuesdays and Thursdays and my private office has a nice view. I also receive a small personal research budget to use as I see fit, and a team of graduate assistants and undergraduate helpers is in place to facilitate my classes and grade the course materials. Staff assistants book my travel and help to prepare exams and handouts. I am paid well.

By building careers as teaching specialists who can effectively handle large lecture classes, my fellow teaching colleagues and I are in short supply nationally. This fact gives me the opportunity to do what I enjoy without fear of suddenly losing my job.

My department has assembled a group of lecturers who handle most of the undergraduate majors, so I have other teaching specialists with whom I can share experiences. Each lecturer, like me, handles six sections per year and well over 1,000 students. This means that the university is able to free up significant resources. As a result, an instructor who can fill this job reliably becomes a valuable asset.

To be sure, handling large classes has its downside. The job requires considerable management expertise and my email inbox is constantly full. However, for those who are passionate instructors and enjoy the interaction with many students this is a great job and one that pays very well. Indeed, it is

possible to make much more as an experienced lecturer at a public university than as a full professor at most small liberal arts colleges.

This financial asymmetry is made possible because large class lecturers have, as economists like to say, high marginal revenue products. For instance, a low six-figure salary divided by 1,000 students per year works out to a cost of a little more than \$100 per student per course. In contrast, tenured or tenure-track faculty members teach fewer students per course and have lighter teaching loads. The cost per student per course is often five or ten times higher.

Students can get a quality education in large classes. This may surprise some readers, since most academics assume that smaller class environments are better. In my department, course evaluations in large lecture classes are significantly higher – ten per cent higher -- than those of the much smaller classes staffed with tenure-line faculty.

Penn State is not unique in having added non-tenured faculty over the last decade. Many other public state universities are doing the same. The slow move away from tenure provides another path for those hoping to get into the academy but experiencing difficulties.

This amounts to a sizeable paradigm shift from the idea of a faculty member who balances teaching, research, and departmental service, to a model based on employees who are specialists. By increasing the specialization and division of labor among the faculty, universities are transforming how the institution functions. Highly trained specialists now exist on two tracks. The research track offers the possibility of tenure while the teaching side has a growing pool of lecturers carving out rewarding positions that focus on instruction. The two models complement each other and allow faculty members to focus on their comparative advantage, either in the classroom or in research.

But the economics are not favorable for everyone. My wife's circumstances are entirely different. In many overcrowded disciplines, the supply and demand conditions that make my job so attractive are absent. On Leslie's side of campus there are more people able and willing and to teach in the humanities than there are openings. Consequently, the university pays smaller wages. It hedges against uncertain enrollments by hiring many contingent faculty members who do not have job security. Each new semester brings renewed insecurity and a mad scramble to make ends meet when positions (or courses) are cut.

Leslie has a semester-to-semester contract with no assurance that the position will be renewed. She is often assigned to early morning classes. Some semesters, Leslie receives one course to teach, other semesters as many as three. She shares an office with another contingent employee, and her department tightly controls her use of the copy machine. Leslie does all of her own grading and the university provides a modest sum for her efforts.

For Leslie, the uncertainty is mitigated by our partnership. My job carries most of the financial load. But, for someone relying on an adjunct paycheck to make ends meet, the consequences of a cutback would be severe. Finally, it is important to add that non-tenure-stream faculty in the humanities work hard (perhaps harder, if Leslie is correct) than their teaching counterparts in business and economics. Clearly, the work is no less important, but the rewards and privileges are significantly less.

To summarize, the lesson here is one of hope and caution. There is an expanding career path in academics as a large-class teaching specialist. For those now on the contingent side, the newly emerging teaching specialist model represents an avenue worth pursuing. However, within the

academy there are large pockets where economies of scale cannot be deployed. In these areas the opportunities and salaries for those off the tenure track remain low.

Dirk Mateer is a senior lecturer and co-director of the undergraduate studies program in economics at Penn State University.

Breakthrough Solution #3: Split Research and Teaching Budgets to Encourage Excellence

The Goal

Breakthrough Solution #3 establishes separate budgeting and reward systems for teaching and research, making it possible to reward exceptional individuals in each area.

Recognizing and rewarding extraordinary performance will not only attract the best and brightest students, teachers and researchers to Texas, but also encourage more transparency and accountability by eliminating inefficiencies and hidden cross-subsidies.

Notes

Carrying Out the Reform

This reform would establish separate budgets and reward systems for teaching and research faculty, while preserving the option for faculty who are excellent teachers and productive researchers to continue to do both.

1. *Separate budgets and reward systems will be created to pay teachers to teach and to pay researchers to conduct valuable research.*

Teachers will be paid based on the number of students taught with a significant bonus based on customer (student) satisfaction. Limits on the number of A's and B's will discourage grade inflation. Researchers will be paid based on the sponsored research dollars they attract from government, business and private donors.

2. *Faculty with tenure would have the option of shifting to the new, more lucrative reward system but would not be required to do so.*

No currently-tenured faculty member will have their annual compensation reduced as a result of the new compensation plan.

3. *Departmental and college budgets would be based on the number of students taught and sponsored research dollars.*

Departmental and college budgets will be based on the number of students taught and sponsored research funding attracted, with a significant bonus based on student satisfaction. Administrative funds will be set as a certain percentage of the total budget. Total university-wide budgets will be expected to remain at or near current levels, at least until efficiency gains appear.

4. *Encourage a culture shift to performance pay.*

Parking and offices will be assigned based on performance. Only faculty electing to participate under the new system would be eligible to serve in institution leadership positions.

Possible Objections

1. *Is this an attack on tenure or academic freedom?*

No, all tenured contracts will be honored and tenured positions will continue to be awarded. All current protections for academic freedom would be preserved.

2. *Is this compensation system too complex?*

Actually, this budgeting and reward system would bring a great deal of transparency to academic accounting. Institutions and taxpayers will know exactly how much is spent to pay faculty to teach and how much is spent to pay faculty to conduct research, with no hidden cross-subsidies.

Similar budgeting and reward systems are used by most businesses and not-for-profits.

3. *What about faculty who are great teachers and researchers?*

Faculty who are great teachers and productive researchers could have a teaching and a research contract, in essence

being paid separately for each task.

4. *Does this system favor teaching over research?*

Notes

Not at all. It would be up to each university to determine the percentage of its budget that will go to pay faculty to teach and how much effort to expend to attract external research funds.

The quality of research is likely to be enhanced as universities focus on centers of research excellence. Some of the most effective research centers in the country, institutions like the Howard Hughes Medical Institute and the Salk Institute, operate as independent research institutes without a teaching mission, and continue to attract Nobel quality faculty.

5. *Will this cause our most distinguished and prestigious faculty to leave?*

This depends on the definition of "distinguished" and "prestigious." Since excellent teachers and productive researchers would receive higher pay under this system, it is likely that Texas universities would attract high-quality teachers and researchers from across the country.

When the recently opened Olin College of Engineering put out a call for faculty with a similar compensation system, the school received 2,000 applications for 20 spots, many from teachers at schools like MIT, Cal Tech and Stanford.

The False Promise of a PhD

Introduction

One of the barriers to improving higher education in Texas will be reluctance on the part of business and community leaders and legislators to investigate reforming graduate education.

Most of us believe that the world needs more PhDs, and that having a graduate school in our community promotes economic growth. And yet, how much do most of us really know about the value of a newly minted PhD? How much do we know about what happens inside of PhD programs? Do we understand what a PhD graduate can look forward to in the job market?

You may be surprised to learn that graduate students gain little from their classroom studies and spend most of their time performing research for tenured professors' academic papers or teaching the tenured faculties' classes. You will discover that because universities treasure this cheap source of labor, it now takes an average of ten years to earn a PhD. You will find that the demand for PhDs is so low, that many graduates will be forced to teach for as little as \$10 per hour at lesser universities and community colleges.

Quite simply, many PhD programs have become little more than a source of low cost labor for tenured faculties. Not surprisingly, over half of all PhD candidates now drop out before graduation, a terrible loss of talent and potential. And over half of all PhDs in the physical sciences are awarded to non-U.S. citizens, raising a question of why taxpayers should continue to pay for such expensive educations.

It's far past time to refocus our PhD programs in Texas so they deliver real value to students and taxpayers. If the business and community leaders of Texas will take the lead in defining what we want PhD programs to deliver --- including teaching future professors how to teach -- and insist on diligently measuring and disclosing results, the state of Texas can become a magnet for the best and brightest minds from around the world.

The Life of a Graduate Student

We think of graduate students as blessed, sitting at the feet of a learned philosopher or working alongside a ground breaking scientist, being trained to one day become a leading thinker in his or her field. Sadly, this is far from true.

The reality is that graduate students spend much of their time teaching classes for the tenured faculty or doing research for (and sometimes writing) academic journal articles credited to tenured faculty members. Seminar classes and dissertation work consists mainly in skimming the first and last chapters of scores of books, to prove that you have "mastered" an area.

Martin Anderson, a scholar at Stanford University's Hoover Institution, explains: "The Ph.D. process in America is, in effect, a long apprenticeship, a throwback to the medieval guild system in which a master craftsman could hold his apprentices in virtual bondage."¹ Economist Gary

North concurs that “bright graduate students” have “become the trusting victims of the professorial class.”²

Martin Anderson continues: “Today there is a ritual abuse of Ph.D. students. What they need most is *time* to pursue their advanced course work, *time* to master their field of study, *time* to learn how to conduct original research, to write, and to finish a dissertation. Instead, the professors rob them of that time, demanding that students free them from much of their teaching and research responsibilities. The professors exploit their graduate students with great skill, concocting a long teaching and research gauntlet that must be run by anyone who wants a Ph.D.”³

This process is expensive, for the graduate students and taxpayers. The average time to earn a PhD has continued to climb, reaching over ten years in 2004. In some fields, like education, the average has climbed to over 18 years. State funding formulas provide over 14 times as much funding per hour of instruction for graduate classes as for undergraduate classes, but even this may be understating the true cost of a PhD for taxpayers, because many PhDs are “taught” by expensive full professors in classes of five students or less.

Over half of graduate students quit. The majority who survive will find themselves working as poorly paid part-time teachers at lower tier universities or community colleges.

What do Graduate Students Learn In the Classroom?

Graduate students will do their coursework in seminars, classes that often have no more than a handful of students.

But what actually goes on in a seminar? “John Silber, the former president of Boston University, provides some insight from his time as the Dean of the College of Liberal Arts at the University of Texas. “The teaching load of many professors consists solely of one or two small seminars each week,” Silber noted, “seminars for which they rarely prepare, at which they rarely do more than audit or at most comment briefly in an atmosphere of relaxed cordiality or hostility.”⁴

Silber continues: “A graduate seminar in your field requires little if any preparation at all. You just distribute a reading list, assign topics to your students, let them do most of the talking, and confine your activities to two or three wise remarks a week. On the first day of class, the professor announces that everyone will write a paper. Sometimes he says that since the first paper writer will need about three weeks to get ready, there won’t be a class for those three weeks. After that, all of the class periods will be spent having people read their papers aloud, with discussion to follow.”⁵

Silber concludes: “You can learn more in two hours’ random reading in the library than you can in a semester-long seminar. But if you take five or six seminar courses plus a colloquium or two you can get to be a master of something, with a degree to prove it.”⁶

Working as a Teaching or Research Assistant for Tenured Faculty

Hoover scholar Martin Anderson describes how graduate students spend the bulk of their time: “Graduate student apprentices perform two critical tasks that many professors consider menial, boring, or repetitive: (1) teaching undergraduates and (2) undertaking much of the drudgery of research.”⁷ Martin criticizes “the university practice of paying graduate students a pittance to teach undergraduates,” and recommends that “the use of slave labor should be abolished.”⁸

Former Harvard University President Derek Bok notes that graduate students are often unprepared for teaching: “Being thrown into teaching large undergraduate courses with little to no training is good neither for the graduate students or the students they teach. Presidents and deans of research universities could act more boldly by urging revisions in their Ph.D. programs to include better preparation for teaching.”⁹

Anderson agrees: “These young scholars have reached the hardest stretch of their studies; they either neglect them or scamp the so-called teaching they are ill fitted to perform... It may be predicted that if the ancient abuse were done away with, the undergraduates who register for a course with the great scholar, only to endure the inadequacies of his substitute, would send up a large cheer.”¹⁰

One professor complains about the inability of foreign students to communicate: “I have 13 teaching assistants. All but one of them is a non-American. Some of them don’t speak English. The whole structure of this department is not to put a qualified person in front of a class. It is to use the T.A. money to create Ph.D.s. Now you have to give them some bloody excuse. How can you give a guy \$6,000? Well, you say, ‘Let him T.A.’ What he does in the T.A. sections, they have about as much interest in as in a soccer match in Bulgaria. So we keep our factory going. We have a factory here. We’re interested in making Ph.D.s.”¹¹

When not working as teaching assistants, graduate students perform research for the tenured faculty.

Economist Gary North explains how universities and tenured faculties benefit:

“The brightest graduate students may be asked to do unpaid or grant-paid research for senior professors. The professors then publish the results of this research under their own names, thereby advancing their careers. It’s the division of labor at work.”¹²

“It is a neat efficient way of mass-producing published work that gives fraudulent credit to its authors. This practice is notably abusive when someone with stature and reputation agrees to coauthor the work of a less well known colleague – for example, an older, established professor agreeing to place his name on a piece of work done primarily by a young professor or research assistant. In this Faustian bargain the young, unknown scholar trades sole credit for his or her work for the association with the more distinguished scholar, which will increase the chances that the work will be published. The senior professor trades his reputation for partial share in work he did not do.”¹³

Martin Anderson describes how graduate students are affected: "Universities operate one of the few survivors of the old apprenticeship system in their programs for awarding doctoral degrees. In some fields you must abandon all thought of independence, and work upon an assigned topic for a dissertation."¹⁴ "Exploitive professors...divert the flow of youthful brilliance and enthusiasm into their own dry wells, and provide nothing in return."¹⁵

Martin continues: "How do university officials persuade so many of their graduate students to forgo their studies – sometimes for years – to pick up the chalk and eraser? Simple. They coerce them. The exploitation of graduate students in American universities is the mental equivalent of the old sweatshops, long endured in silent agony by their victims. The typical candidate for an advanced degree is in a terribly difficult position to complain to anyone about anything."¹⁶

So instead of studying at the feet of a master scholar learning how to teach or perform important research, graduate students learn that success is measured by the number of pages of an academia journal article one can write. So how valuable is this work?

Former United States Assistant Secretary of Education Chester Finn calls academic research "a very congenial façade behind which very little work of any kind is done. Finn estimated "that fewer than 1 in 10 of the 850,000 professors in America makes "any contribution at all" to the "enlargement of human knowledge" and that most papers, articles, and books published accomplish nothing beyond padding a professor's resume."¹⁷

J. Scott Armstrong, a professor at the University of Pennsylvania's Wharton School and editor of the *Journal of Forecasting*, conducted a study of academic writing and charged: "professors who wish to be published in the academic press must: (1) *not* pick an important problem, (2) *not* challenge existing beliefs, (3) *not* obtain surprising results, (4) *not* use simple methods, (5) *not* provide full disclosure of methodology, sources and findings, and (6) *not* write clearly."¹⁸

Graduate students soon learn that "academic freedom" is all too often reserved for the tenured faculty. Journalist and higher education critic Charles Sykes explains: "In practice, tenure is also – ironically – the source of academia's most brutal thought control. Untenured junior profs – and below them instructors, lecturers, and graduate students – are, of course, absolutely at the mercy of the senior faculty, so academic freedom is very much a relative concept in their cases. The tenuring process is academia's ultimate control mechanism, and it is often used ruthlessly to snuff out dissent among uppity junior profs who deviate from the standard line, either in their scholarship, their methodology, or their politics."¹⁹

An Increasingly Longer Apprenticeship

Universities have every incentive to maintain a cheap supply of labor for as long as possible and have extended the average PhD program to over ten years in length.

Martin Anderson believes that "the entire course of study should normally involve no more than three or, at most, four years beyond the baccalaureate" and adds that "the four-year norm has been affirmed by most writers who have analyzed the situation."²⁰

Yet, the length of PhD programs continues to grow, as Ohio University economist Richard Vedder notes: "In 1978-79, new recipients of the doctorate took an average of nine years from receiving their undergraduate degrees to finishing their advanced degrees. By 1999-2000, that figure had risen by 1.3 years to 10.3 years."²¹

According to Martin Anderson, the cost to PhD candidates is high: "The gap between what should be and what is exacts a fearsome price. When young men and women are forced to spend not three or four years, but ten, twelve, or even fifteen years to earn the Ph.D., the entire process becomes corrupting. Those extra years are critical ones that are ripped out of the productive life of young scholars. The average graduate student is thirty-four years old before he or she breaks free of the cocoon of dependency that is the Ph.D. process."²²

Once fully understanding the process, many graduate students quit. "Fewer than half of all students who enter Ph.D. programs ever get the degree - more than half drop out along the way."²³

The Majority of PhD Candidates Now Come From Other Countries

Increasingly, many graduate programs at American universities are filled by foreign students.

Roger Geiger, a Distinguished Professor of Higher Education at Penn State University observes: "The number of doctorates granted to foreign nationals tripled from the late 1970s to the early 1990s, exceeding 50 percent of graduates in engineering and 30 percent in the natural sciences."²⁴

In some areas, the inflow of foreign students is even more striking. In 2003, fifty percent of the degrees in the physical sciences, 67% in engineering and 68% of the degrees in economics went to foreign students.

Is America attracting the best and brightest students from around the world, or are we heavily subsidizing the education of our foreign competitors? Is this an example of American students not being willing to pay the price for a terminal degree, or that life of a PhD is so unattractive that only those from developing nations are interested?

The Economics of Graduate Departments for Universities

Universities have strong incentives to grow their graduate programs. Academia is a bureaucracy. The more people and assets under a bureaucrat, the more power he or she has.

Economist Gary North explains:

"Administrators advance their careers by expanding the number of subordinates in their department. So, every academic department wants more students – students of a special kind."²⁵

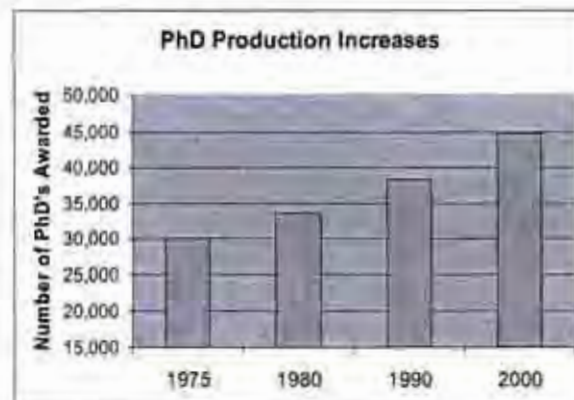
"The supply of college graduates with ever-lower academic abilities is funded by money coerced from taxpayers. The American higher education system is structured by the professorate to reward those professors who teach small classes of graduate students. So, year after year, decade after decade, the supply of Ph.D.-holding students increases, despite an academic market that does not hire most of them, and hires a minority at wages that do not compensate them for the money and time invested in earning their degrees."²⁶

"Students are not of equal value to a department. The lower-division student (freshman or sophomore) does not rate highly in the currency of academic resource allocation: the full-time enrollment, or FTE. The FTE figure is what justifies the hiring of a full-time faculty member. The lower the ratio, the better. It may take 15 lower-division students to generate one FTE. It may take only eight Ph.D.-level graduate students to generate an FTE."²⁷ And state legislatures pay universities 14 times or more for a graduate student than an undergraduate student.

"The more Ph.D. students a department can attract, the faster the growth of that department. This is the iron law of academia. All other economic laws are sacrificed for it. This fact of academic economic life creates an incentive for departments to enroll lots of graduate students. It also rewards those departments that persuade M.A. students to go into the Ph.D. program."²⁸

The Reward for Those Who Graduate with a PhD

Unfortunately, there is no pot of gold waiting for those who finally earn a PhD.



while



Gary North explains the dilemma facing a newly minted PhD: "Graduate students do not learn about supply and demand, and it does not pay senior professors to teach them. Here is evidence. In response to the ever-growing glut of Ph.D.s, the American university system turned out about 30,000 Ph.D. graduates per year, 1969 to about 1975. Since then, it has increased the output. In 1980, it was 33,615. In 1990, it was 38,371. In 2000, it was 44,808. In 2003, it was 46,024."²⁹

Ever since the late 1960's, there have been more PhD graduates than jobs. And the situation is getting worse.

North continues: "A 'Ph.D. glut' has existed ever since the fall of 1969. The number of entry-level full-time professorial positions has remained stagnant. Few new universities have been constructed. Legislatures have resisted additional funding. This has led to a reduction of the number of tenure-level positions. Universities and community colleges have been able to staff their entry-level positions with inexpensive instructors."³⁰

William Hayes, author of *So You Want to Be a College Professor?* agrees with North: "There were almost no college teaching jobs when they finished. That was before the glut."³¹ Now "an English vacancy" draws "133 candidates." "In many disciplines, the placement rate is as low as 25%."³²

Paradoxically, according to North, being relegated to a teaching position becomes "the kiss of death" for those desiring tenure:

"Those few Ph.D.s who receive a full-time position at a university find that they are paid much less than tenured members of the department. They are assigned the lower-division classes, which are large – sometimes 200 to 1,000 students. These mega-classes require lecturing skills that most professors do not possess. Those untenured faculty members who perform well in mega-classes are kept on until the day of reckoning: the decision to grant them tenure, usually eight years after they go on the payroll. They are usually not re-hired unless they have published narrowly focused articles in professional journals. But mega-class professors do not have much time to do the required research."³³

“The assistant professor is now 35 years old or older. He has not made the cut. He is now relegated to the academic underworld: the community colleges. But here there is fierce competition. Community colleges hire part-time instructors at \$10 to \$15 an hour. These people seek a full-time position at the community college. They need that initial foot in the door: night school courses for worn-out adults who are trying to earn an A.A. degree. Their natural enemies are the newly dismissed assistant professors from universities.”³⁴

“Who gets an entry-level position at Boonsdocksville State University, which in 1960 was a public schools teacher training college? New graduates with Ph.D.s from the two-dozen major universities. Then what happens to graduates with Ph.D.s issued by Boonsdocksville State? They go straight into the community college circuit.”³⁵

“This has been going on ever since the fall of 1969. It is great for community college administrators, who have a never-ending supply of optimistic Ph.D.-holding graduates ... plus a never-ending supply of burned-out, terrified assistant professors from top universities who did not receive tenure.”³⁶

“Why does any Ph.D. student at any but the top graduate schools believe that he will get tenure at any university? The odds are so far against him, and have been for a generation, than he ought to realize that he is about to waste his most precious resource – time – on a long-shot. Investing five or more years beyond the B.A. degree, except in a field where industry hires people with advanced degrees, is economic stupidity that boggles the imagination. Yet at least 200,000 graduate students are doing this at any time. Of the 46,000 who earned a Ph.D. in 2003, at least 50% got to ABD status and quit. Probably more than half of the others quit before they got to ABD status.”³⁷

The Cost to Texas Taxpayers

What is the cost to Texas taxpayers for heavily subsidized graduate programs? The cost in wasted time by talented graduate students? The cost to undergraduate students taught by poorly prepared teaching assistants? The cost of unimportant academic research papers that transfer dollars away from providing college educations for the next generation of Texans?

The truth is, no one knows. The cost accounting systems inside universities are so poorly constructed and the internal cross subsidization of money losing programs so prevalent, that good data simply does not exist.

Suggestions for Reform

Former Harvard President Derek Bok called for far reaching reforms: “Until Ph.D. programs include a serious preparation for teaching and convey a deeper understanding of the complexities of student learning, faculties will not only have little inclination to change their ways, they will

not even perceive much need to do so. Without more prodding and encouragement than they are currently receiving, presidents and deans are also unlikely to challenge the status quo. In the present environment, then, it would be myopic simply to wait in the hope that reform will emerge spontaneously from within.”³⁸

Nevertheless, there are several steps trustees, regents and business leaders can take towards reform:

1. We should recognize that not all graduate programs are equally valuable and demand that colleges and universities release information about the fully loaded cost per PhD student, graduation rates and placement rates.
2. If large numbers of graduate students are going to teach, they should be trained to teach well. This should include being mentored by a teacher who has received high student evaluations.
3. We should replace the current system of PhD fellowships and hidden cross subsidizations with a more market based system:
 - a. Graduate teaching assistants should be paid based on the number of students they teach and judged based on their student teaching evaluations. Those who teach well should be paid well. Those who do not teach well should be dropped from graduate programs;
 - b. Graduate research assistants should not be required to work on research projects unless paid by those funding the research projects, and any such work should be disclosed to those paying the bill;
 - c. Graduate school tuition should reflect the full cost of a graduate education;
 - d. Those applying to graduate school should receive a “learning contract” from the university that discloses in detail the learning that will take place in class (with appropriate measurement), average time to degree, placement rates and salaries on graduation and teaching and research obligations that will be expected.

If the community and business leaders of Texas will partake in defining a more market based PhD system, one that clearly defines and measures goals, sets incentives aligned with these goals and fully discloses to students what they can expect to learn, PhD programs in the state of Texas can become a magnet for the best and brightest from around the world.

¹ Anderson, Martin, *Imposters in the Temple* (1996) p.68

² North, Gary, *The Ph.D. Glut Revisited*

³ Anderson, Martin p. 72

⁴ Sykes, Charles J., *ProfScam: Professors and the Demise of Higher Education* (1988) p. 75

⁵ *Ibid.*, p.76

⁶ *Ibid.*, p. 77

⁷ Anderson, Martin p. 70

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- ⁸ Anderson, Martin p. 67
⁹ Bok, Derek, *Our Underachieving Colleges* (2006) p. 340
¹⁰ Ibid.
¹¹ Sykes, Charles J., p. 69
¹² North, Gary
¹³ Ibid., p. 111
¹⁴ Anderson, Martin, p. 69
¹⁵ Anderson, Martin, p. 69
¹⁶ Ibid., p. 67
¹⁷ Sykes, Charles J., pp. 101-02
¹⁸ Ibid., 105-06
¹⁹ Ibid., p. 137
²⁰ Anderson, Martin, p. 74
²¹ Vedder, Richard, *Going Broke by Degree: Why College Costs Too Much* (2004) p. 56
²² Anderson, Martin, p.74
²³ Ibid., p. 75
²⁴ Geiger, Roger L., *Knowledge & Money* (2004) p. 19
²⁵ North, Gary
²⁶ Ibid.
²⁷ Ibid.
²⁸ Ibid.
²⁹ Ibid.
³⁰ Ibid.
³¹ Ibid.
³² Hayes, William., *So You Want to Be a College Professor* (2003) p.150
³³ North, Gary
³⁴ Ibid.
³⁵ Ibid.
³⁶ Ibid.
³⁷ Ibid.
³⁸ Bok, Derek, p.324

Breakthrough Solution #4:

Require Evidence of Teaching Skill for Tenure

The Goal

If Texas universities are to serve students, parents, employers and taxpayers, a large number of the tenured faculty need to be good teachers as well as productive researchers.

This reform ensures that teaching will be considered as an important qualification for tenure by requiring evidence that a majority of those nominated for tenure have demonstrated the ability to teach well.

Notes

Carrying Out the Reform

This reform requires that a majority of those nominated for tenure must have proven that they are good teachers.

1. *Require evidence of teaching skill for tenure.*

The majority of new tenure appointments (say 75%) will be granted to professors who have proven that they can teach well by having taught on average three classes per semester and thirty students per class for the seven or more years that a teacher is on the tenure track.

2. *Customer (student) satisfaction ratings would be used to determine teaching effectiveness.*

Average teaching ratings must be a minimum of 4.5 on a 5.0 scale. Limits may be placed on the number of A's and B's awarded if the efficacy of customer (student) satisfaction ratings are questioned.

Possible Objections

1. *Is this an attack on tenure or academic freedom?*

This reform does not change the rights and responsibilities of tenure or the protections of academic freedom. Faculty and administration repeatedly state that being a good

teacher is already part of the tenure decision-making process; thus, this reform does not even add new criteria for tenure awards, but merely makes one of those criteria be explicitly evaluated by students.

2. *Are student ratings merely a "popularity contest"?*

Teachers and students are the only people in the classroom who can judge teaching and course effectiveness. There are not enough outside observers to sit in every class to independently evaluate the teaching and course. Thus students are the only reliable and consistent source to judge the effectiveness of teaching and courses for every teacher.

If there is a concern that teachers will give students good grades in an attempt to receive high ratings and thus the bonus, several options are available. Any teacher wishing to be considered for tenure could limit the maximum number of A's and B's awarded in each class. Additionally, student ratings could be collected prior to students being informed of their final grades.

3. *Will this ruin research?*

Actually, this would enhance research because a large number (25%) of all tenured positions would be set aside for faculty who do nothing but research and thus wouldn't be distracted by teaching. This will allow Texas universities to recruit the best and most productive researchers who will not be burdened by teaching duties.

Let's Not Forget the Liberal Arts: The Collapse of Undergraduate Teaching

Introduction

When Texas business and community leaders meet to discuss higher education, the discussion tends to focus on economic development. We want our colleges and universities to produce graduates who are prepared for the competitive pressures of the 21st century. We hope that bringing more PhDs into our communities will lead to economic growth.

Eventually someone will ask: "But what about the liberal arts? Don't we need well rounded citizens who can think?" The group will murmur an assent, and then go back to discussing how improving our colleges and universities can impact the economy.

A college education should be about more than high starting salaries. We want our children - and as many citizens as possible - to know and appreciate literature and the arts. We want our college graduates to read, write and speak well, and to think critically. We want them to be able to make thoughtful moral choices and fully appreciate what it means to be human.

Unfortunately, traditional liberal arts programs are disappearing from higher education in America. There is compelling evidence that tenured professors at large research universities no longer care about teaching undergraduates to read, write or think critically. And many of the smaller colleges that specialize in delivering a traditional liberal arts education are struggling to survive.

The Decline of the Traditional Liberal Arts Education

The sad fact is that a traditional liberal arts education is disappearing from the American college campus. In 1971, 51% degrees awarded were in the humanities; by 2000 the number of humanities degrees had dropped to 24.5% and continued to decline.¹ In research universities, the collapse was even more rapid, and many of the remaining humanities programs were anything but traditional.

Smaller liberal arts colleges are suffering. "The *Chronicle of Higher Education* recently described the plight of a group of small liberal arts colleges with fewer than 750 students. Most of these schools are located in small towns across America and cannot attract many students from outside their own regions. Even during the economic boom of the 1990s such institutions closed their doors at a rate of about two a year, according to data collected by the DOE.²

There are three main reasons for the decline in traditional liberal arts degrees:

1. Most students are interested in high paying jobs, not literature or moral training,
2. Despite polite public support for the liberal arts, most businesses are more interested in graduates having practical skills,

3. The modern American research university has all but abandoned undergraduate teaching, and particularly teaching critical thinking skills, moral judgment and good citizenship, substituting in its place a bizarre smorgasbord of courses taught by faculty who often reject American values and the tenets of Western Civilization.

What Students Want

Increasingly students want a college diploma to enhance their career. Economic success is expected to follow educational success. Today “the value of a college degree is assessed on the basis of how much money graduates earn...higher education in the United States is essentially becoming a process of providing credentials, whose value is measured in terms of economic return.”³

“Since 1970, the percentage of freshmen who rate ‘being very well off financially’ as an ‘essential’ or ‘very important goal’ has risen from 36.2 to 73.6 percent, while the percentage who attach similar importance to ‘acquiring a meaningful philosophy of life’ has fallen from 79 to 39.6 percent.”⁴

Liberal arts faculty could cooperate with other departments to deliver the practical skills students and employers want *along with* a liberal arts education. Instead, as former Harvard University President Derek Bok reports, many would rather fight internal turf wars: “In many colleges and universities, a lamentable chasm separates the liberal arts college and professional departments. Competition for resources is keen, autonomy is jealously guarded, and cross-disciplinary discourse is fraught with difficulty.”⁵

Many liberal arts professors have a “special hostility” for efforts to offer liberal arts training and courses that teach practical skills. The most critical issue is not to prepare students for successful and meaningful lives, but as a chair of an English department put it, “the most critical issue [is] purging the undergraduate curriculum of vocational training.”⁶

In response, students see required liberal arts courses as something to “get out of the way” so they can “get on with what one *really* comes to college for in the first place, the major.”⁷ Disregard for the liberal arts is highest among engineering students, who take an average of only 9 percent of their courses in the humanities and another 9 percent in the social sciences.⁸

What Employers Want

Employers complain that today’s college graduates cannot read, write or think critically, but students know that all too often “an applicant who boasts of his or her ‘liberal arts’ proficiency is on the way to unemployment or graduate school (postponement of unemployment).”⁹

Business leaders may rave about the importance of liberal arts in public, but job offers go to those with technical skills. When a speaker at a gathering of university presidents and CEOs claimed that “a liberal arts education was the single best preparation for a career in business and management,” the CEOs “nodded in polite agreement, but their college recruiters persisted in hiring the business-school graduates to fill jobs in the areas of demand.”¹⁰

University of Rochester President Emeritus George O'Brien tells of a college president, "whose institution was the very epitome of liberal arts education," extolling the virtue of a liberal arts education to his trustees. One of the trustees, the CEO of a small corporation, listened attentively to the virtues of the liberal arts graduate compared to "narrow specialists." Finally, the trustee spoke: "How true. We need that sort of person in my corporation. But we only need one of them – and that's me." Well-roundedness may be immensely useful to senior managers, but few college grads are hired as CEOs.¹¹

The Collapse of the Traditional Liberal Arts at the Modern American University

It would be easy – and many universities would encourage us – to blame the collapse of the humanities on the commercial crassness of students and business. But is it too much to ask that college graduates learn to read, write, think critically *and* pick up useful practical skills?

Harry Lewis, longtime Dean of Harvard College, believes that the real blame for the collapse of the humanities rests squarely on the shoulders of academia: "These students are not soulless, but their university is."¹²

In many ways, our universities, by misapplying the tenets of scientific inquiry to the human condition, have abandoned the very idea of a central set of truths that can be passed from one generation to another.

Simultaneously, as tenured faculty have abandoned teaching for academic research, they have left an ill-prepared part-time faculty of adjuncts and graduate students to teach a curriculum that is not only devoid of meaning, but often openly hostile to American values and the tenets of Western Civilization.

Abandoning the Truth

In the earliest days of American higher education, students learned practical skills *and* moral reasoning. Colleges like Harvard and Princeton specialized in training ministers and lawyers. Other schools prepared students for trade related jobs. But all faculty considered moral reasoning and civic responsibility an integral part of the core curriculum.

In the late 1940s, a profound change swept across the American university as government money in the form of war related research contracts flooded American college campuses. By 1946, Federal research grants to universities were three times more than total revenues of higher education in 1941. Soon every professor longed to be a highly paid scientific researcher. Training students to read, write and think became far less important than the tenured faculty's pursuit of knowledge and the Federal dollars that came with it.

Over time, the tenured research faculty gained control of college campuses and began to run them for their own benefit. The traditional liberal arts professor, with a focus on human values, was looked down upon by scientists.

The emphasis in the university changed from passing truth on to students, to serving “faculty with their specialized skills.” George O’Brien explains: “It is from the view of a *research university faculty* that the principles that do and will govern higher education must be understood and evaluated.”¹³

O’Brien and others believe that there was a profound transfer of power from university presidents to independently funded tenured researchers: “In an institution-of-discovery, the discoverers achieve authority. Old-style presidents ministered to the Truth; modern presidents *administer* unto the truth seekers.”¹⁴

Universities once dedicated to the pursuit of truth soon slipped into a relativist abyss. Harry Lewis observes: “At Harvard today, all knowledge is equally valued, as long as a Harvard professor is teaching it, and that does not bode well for posterity.”¹⁵

According to Derek Bok, in many disciplines values are regarded with suspicion as mere matters of opinion.¹⁶ Bok believes that it is no accident that among the traditional purposes of undergraduate education, the two that were most neglected during the past century – moral reasoning and civic education – are the two most heavily freighted with issues of value.¹⁷ He laments that “highly educated young people . . . find themselves in a world of unprecedented ambiguity, where it’s not clear . . . if anything can be said to be absolutely true.”¹⁸

Revealed or discovered truth became an embarrassment to campus intellectuals because it did not fit the scientific paradigm. O’Brien says that “given the dominance . . . of the natural sciences in establishing the research paradigm, it is no wonder that professors in the humanities feel beleaguered and abandoned in the current curriculum. The humanities are concerned essentially with human values: ethical, political, aesthetic, religious – none of which awaits radical discovery.”¹⁹

The result is unsettling. According to Bok, “the education offered undergraduates has become incoherent and incapable of addressing the larger questions of ‘what we are and what we ought to be.’” “There is no vision, nor is there a set of competing visions, of what an educated human being is.” The story of liberal education has lost its organizing center – has lost, that is, the idea of culture as both origin and goal, of the human sciences. Without a compelling, unifying purpose, universities are charged with allowing their curricula to degenerate into a vast smorgasbord of elective courses.”²⁰

William Bennett, a former Secretary of Education and well known for his children’s books on character and virtue asks: “Where are our colleges and universities on the issue of their responsibility to foster moral discernment in their students?”²¹

The Collapse of Teaching and the Inability of Graduates to Read, Write and Think

American universities not only have lost their moral compass, but also any interest in teaching undergraduates. As a result, many college graduates are not being trained to read, write or speak well, or to think critically.

Bok describes how American universities have failed to deliver value to students:

“Fewer than half of the recent graduates believe that college contributed ‘a great deal’ to their competence in analytic and writing skills or in acquiring knowledge of their major fields of study. ... The vast majority of graduating students are still naïve relativists who ‘do not show the ability to defensibly critique their own judgments’ in analyzing the kinds of unstructured problems commonly encountered in real life. Surveys of student progress in other important dimensions, including writing, numeracy, and foreign language proficiency, indicate that only a minority of undergraduates improve substantially, while some actually regress.”²²

“Many seniors graduate without being able to write well enough to satisfy their employers. Many cannot reason clearly or perform competently in analyzing complex, non-technical problems, even though faculties rank critical thinking as the primary goal of a college education.”²³

“Only a small minority of seniors emerge convinced that ill-structured problems are susceptible to reasoned arguments based on evidence and that some answers are sounder than others.”²⁴

Harry Lewis believes the problems are even more fundamental: “Universities have only a weak and superficial grasp of the scope of their educational mission for undergraduates. They are often puzzled about what they should teach, and are uncertain, even unprincipled, in their responses to educational problems.”²⁵

George O'Brien describes how times have changed: “The old-style collegiate institutions of the nineteenth century were populated with faculty who taught almost everything in the curriculum.”²⁶

The rise of the modern research university, modeled after the German academy, has made it clear that its main goal is not to serve students, but rather the “pursuit of knowledge,” as defined by the tenured faculty. Wilhelm von Humboldt, one of the founders of the German university model, was emphatic: “The teacher no longer serves the purposes of the student. Instead, they both serve learning itself.”

Journalist and higher education critic Charles Sykes traces the failure of the modern American university to Humboldt releasing faculty from the responsibility of serving students: “In the musty halls of 19th-century academia, where the new scientific spirit was beginning to burn, Humboldt’s creed rang like a trilling call to independence.”²⁷

The ability to teach was devalued. Increasingly faculty were recruited, hired and promoted based on their ability to write academic articles for scholarly journals. Good teaching was seen as evidence that a tenure track candidate isn’t serious enough about publishing, so good teachers by definition were blocked from tenure appointments.

The treatment of gifted teachers indicates academia's indifference to teaching, but it only hints at how deeply the contempt for it is ingrained within the academic culture. "It's the kiss of death," Associate Professor David Helfand, winner of one of Columbia University's General Studies Distinguished Teachers Awards, told *Newsweek on Campus*, "if you volunteer to teach two classes instead of one before tenure. They will say, 'This guy is a teacher.'"²⁸

Tenured Brown University researcher Jacob Neusner refers to teachers as 'the non-publishers, the non-lecturers, the home-bodies, without ambition of an intellectual, let alone a scholarly character, the book-reading camp counselors.'²⁹

Harvard College Dean Harry Lewis explains how tenure is granted today: "The professors, vying for positions and promotions at the great research universities, are ever more narrowly trained, more specialized, and more advanced in their specialties. Tenure is given mostly for research...and not at all for the interest or skill in helping students become adults. Few of today's professors enter academia as a mission, a noble calling. Of those who do, few survive to tenure at top universities. The pressure to publish a great deal in a short time makes academic writing duller, less adventurous, and more technical, since junior faculty members opt what they know to be acceptable to the journals and academic process."³⁰

Lynne V. Cheney, then chairman of the National Endowment for the Humanities, questioned the value of the academic research that has replaced teaching as a calling for professors: "If we are completely honest about it, we must admit that the overemphasis on research has - in the humanities as in other fields - meant a lot of useless activity, a lot of publishing that serves no purpose, beyond expanding the author's c.v.'s...many publications will mainly gather dust on shelves in libraries."³¹

Former Harvard President Bok describes how completely tenured faculties have abandoned their teaching responsibilities:

"While willing to force students to take freshman composition, senior faculty have long been reluctant to teach such a course themselves. Professors in the sciences and social sciences quickly referred the task to their colleagues in the English department. Thereafter, in one college after another, the work was gradually handed down to lower and lower levels of the academic hierarchy."

"By the early twentieth century, senior faculty were shifting the responsibility to their younger, untenured colleagues. By the 1940s, junior faculty were passing the baton to graduate students. As freshmen enrollment rose rapidly during the decades following World War II, English departments turned increasingly for their staffing needs to part-time adjunct instructors (usually would-be writers in need of income of Ph.D.s without a permanent academic job)."

"By the 1990s, more than 95 percent of all compulsory writing classes in Ph.D.-granting English departments were taught by adjuncts or by graduate students."³²

Presidents and deans went along with faculty shirking their teaching responsibilities because “graduate students and adjunct instructors can be hired to do the job for much less money.”³³

“More than 20 years ago, classicist William Arrowsmith wrote *The Future of Teaching*, a moving tribute to and plea for the ‘ancient, crucial, high art’ of teaching. It still carries a prophetic quality. “Behind the disregard for the teacher,” Arrowsmith wrote, ‘lies the transparent sickness of the humanities in the university and in American life in general...’³⁴

So teaching duties are left mainly to graduate students and adjuncts who are poorly paid, given little to no training, and no supervision. That turns out not to matter a great deal, because the curriculum they are given to deliver has so little meaning or coherence.

An Empty Curriculum

The curriculum of most large American universities is a mish-mash of courses that reflect the research interests of the faculty, rather than a program designed to teach students to read, write or think critically.

University of Rochester President Emeritus George O’Brien writes: “If students cannot read, write, or be eloquent, one contributing cause is the scattering of their studies and personal interactions, which works against repetitive practice.”³⁵ That doesn’t matter to a faculty of academic researchers who scoff at breadth as evidence of a weak intellect: “Well rounded? As has been brightly said, a cue ball is well rounded and rolls wherever it is neatly stroked.”³⁶

O’Brien continues: “The ‘philosophy’ of the modern curriculum maximizes variety and choice at the expense of cohesion and concentration.”³⁷ Each faculty member has added his of own sub-specialty to a jumbled mass: “During the grand expansion of higher education that has marked the century since the rise of the research university in America, one could argue that *cutting off* has been a minor activity compared to *adding on*. It is one thing to ‘decide’ which of the delectables on the dessert tray should be appropriated; it is quite another to decide to diet and forgo desserts altogether.”³⁸

Journalist and higher education critic Charles Sykes agrees: “With his emphasis on specialization, the new breed of professor exerted an almost irresistible pull away from general education and toward a curriculum devoted to training other specialists.”

Vassar President Alan Simpson adds: “You can have a man studying the herring industry from 1590 to 1600 in Scandinavia, and when that young man gets his Ph.D. and is employed by a university, the first request he makes to them is, ‘May I teach the herring industry from 1590 to 1600 in Scandinavia?’”³⁹

George O’Brien reminds us that the research oriented professor is a relatively new concept, not a time honored tradition: “The ascendance of the disciplinary specialist is, then, a twentieth-century notion...What is consequential for the research university...is that faculty specialists

drive the curriculum, not the reverse... modern universities are specific collections of specific specialties, which specialists and how many of such become issues to be determined."⁴⁰

"Students are unhappy," Harvard's Harry Lewis says, "because too many faculty members are not interested in them, except as potential academics, and the curriculum is designed more around the interests of the faculty than around the desires of the students or their families."⁴¹ "At the same time, the empty curriculum is so removed from the real world that many students learn how capitalist economies create jobs from the solicitations of companies eager to hire them."⁴²

Lewis feels the problem goes to the core of the modern research university: "A look at the college curricula of other great universities suggests a deeper problem. Universities are having a hard time making the case that the education they offer is about anything in particular."⁴³

Hostility to Western Civilization and American Values

The emptiness and incoherence of our college curriculums is troubling. It is even more disturbing when radical faculty substitute their own agendas in place of the traditional humanities.

Academia today embraces the philosophy of relativism, the idea that all points of view are equally valid. They make only one notable exception -- in denouncing Western Civilization and American values.

Martin Anderson, a scholar at Stanford's Hoover Institution describes the battle: "An intense debate is now under way in our universities on the teaching of the so-called Great Books of literature and history." Faculty "want to strip the curriculum of many of the great works of Western literature, most of them written by, as they put it, 'dead white men,' and to replace them with lesser-known works by authors of different racial backgrounds, authors from third world countries, and female authors."⁴⁴

Harvard President Derek Bok notes that student indoctrination begins the first day of school when university spokespeople "announce as fact to incoming freshmen" that "all institutions in America are deeply sexist" and "racism involves only acts of discrimination by whites against minorities."⁴⁵

You need to look no further than University of Texas professor Joshua Gunn to see how far a liberal arts education has fallen at research universities. In a recent *Insider Ed* column, Gunn describes teaching the "queer theory unit" of his "Rhetoric and Popular Music course," in which he "attempts to unravel binaries" with "fabulous" essays such as Cynthia Fuch's "If I Had A Dick: Queers, Punks and Alternative Acts" and field trips to "18 and up punk" bars.

In the article, Gunn complains of "sexual harassment" because a mother of one of his students complained to the dean. Gunn worries that one of his teaching assistants will be scolded for an upcoming lecture on "the interchangeability of sex organs in the music and art of Peaches." Gunn was assured that he had the "academic freedom" to teach as he wished.

The issue is not one of homosexuality. The material would be no less absurd if focused on heterosexual sex. It simply has little to do with anything we would associate with the traditional liberal arts.

Former University of Texas President Peter Flawn's advice to his successor on dealing with the faculty shows that this is not an isolated incident: "In the social sciences, five thousand years of accumulated wisdom about human behavior appear to count for very little, and research projects commonly are proposed to demonstrate what anyone who has been alive and reasonably sentient for forty years already knows."⁴⁶

Flawn warns that ethnic pride is encouraged except for Anglo-Saxons: "It is racist....for Anglo-Saxons to show pride in the accomplishments of their ethnic group. Anglo-Saxons are too close to the sins of empire for their accomplishments to be universally admired. The only acceptable behavior for an Anglo-Saxon university president is to graciously accept personal and institutional guilt for historical injustices."⁴⁷ He advises that faculty believe that traditional values of "Western civilization, are inherently racist, sexist, capitalist, and designed to deprive people of freedom" and that attempting rational dialogue" is a waste of time.

Academia claims to be dedicated to "academic freedom" and "unbiased inquiry." Anecdotes from inside the ivory towers suggest this doesn't extend to beliefs not shared by the tenured faculty.

Ohio University economist Richard Vedder quotes a description of American academia as "a forum for destructive political and social propaganda, for conventional wisdom, for mindless adherence to dogma in the name of, ironically, open-mindedness" and notes "a distinct lack of academic freedom and a pervasive effort to squelch unpopular theory, research and opinion on the American campus."⁴⁸

Martin Anderson goes even further:

"All the evidence – national surveys, university studies – proves beyond a doubt what anyone who has spent a little time in academe knows: the college and university faculties of America have been politicized. Major chunks of the faculty and administration, especially in the social sciences and humanities, are rock-solid left in their political views. It is no longer a question of whether there is a tendency or a tilt to the left; the faculties of American universities and colleges are overwhelming leftist."⁴⁹

"Academic intellectuals are not supposed to consider political affiliations when hiring or promoting. They do. They are not supposed to consider political implications when they design courses and assign readings. They do. They are not supposed to judge students according to their political views. They do. And when they do, they are led down the path of academically suspect courses, of 'political correctness,' and finally into the violation of the most sacred tenets of their profession – free speech and academic freedom."⁵⁰

Suggestions for Reform

So how do we re-introduce the traditional humanities into the mainstream of Texas higher education? The first step may be fundamental reforms to our colleges and universities, starting with reforms necessary to attract, hire and promote the right teaching faculty so we can build a coherent curriculum that teaches students to make better moral decisions and read, write and think critically are so far reaching that they will require a massive overhaul of the academy itself.

¹ Richard Vedder, *Going Broke by Degree* (2004) p. 113

² Richard S. Ruch, *Higher Ed, Inc. The Rise of the For-Profit University* (2001), p. 82 (Source: M. Van Der Werf, "The Precarious Balancing Act of Small Liberal Arts Colleges," *Chronicle of Higher Education*, 30 July, 1999, A32-33.

³ Ruch, p. 140

⁴ Derek Bok, *Our Underachieving Colleges* (2006) p.26

⁵ *Ibid.*, p.283

⁶ *Ibid.*, p.78

⁷ George Dennis O'Brien, *All the Essential Half-Truths about Higher Education* (2000) p. 78

⁸ Bok, p.298

⁹ O'Brien, p. 79

¹⁰ Ruch, p. 71

¹¹ O'Brien, p. 79

¹² Harry R. Lewis, *Excellence Without A Soul* (2006) p. 18

¹³ O'Brien, pp. xii-xiii

¹⁴ O'Brien, p. xii

¹⁵ Lewis, p. 72

¹⁶ Bok, p. 37

¹⁷ *Ibid.*, p. 38

¹⁸ *Ibid.*, p. 146

¹⁹ O'Brien, p. 162

²⁰ Bok, p. 2

²¹ Bok, p. 158

²² *Ibid.*, p. 311

²³ *Ibid.*, p. 8

²⁴ *Ibid.*, p. 114

²⁵ Lewis, p. 7

²⁶ O'Brien, p. 16

²⁷ Charles J. Sykes, *ProfScam: Professors and the Demise of Higher Education* (1988) p. 14

²⁸ *Ibid.*, p. 58

²⁹ *Ibid.*, p. 59

³⁰ Lewis, p. 8

³¹ Martin Anderson, *Impostors in the Temple* (1996) p. 97

³² Bok, p. 83

³³ *Ibid.*, p. 86

³⁴ Sykes, p. 65

³⁵ O'Brien, p. 205

³⁶ *Ibid.*, p. 11

³⁷ *Ibid.*, p. 100

³⁸ *Ibid.*, p. 118-119

³⁹ Sykes, p. 23-24

⁴⁰ O'Brien, pp. 16-17

⁴¹ Lewis, p. 14

⁴² Ibid., p. 6

⁴³ Ibid., p.24

⁴⁴ Anderson, p. 148

⁴⁵ Bok, p. 63e

⁴⁶ Peter T. Flawn, *A Primer for University Presidents: Managing the Modern University* (1990) p. 4

⁴⁷ Ibid., p. 6

⁴⁸ Vedder, p. 213

⁴⁹ Anderson, p. 142

⁵⁰ Ibid., p. 132

Breakthrough Solution #5:

Use "Results-Based" Contracts with Students to Measure Quality

The Goal

Research has shown that students are excellent judges of the learning that takes place in a classroom. This is particularly true if the deliverables for a course are clearly stated. This reform would require Texas colleges and universities to develop contracts between Deans, department heads, and teachers so that the promises of each degree program are clearly stated to each and every student.

A secondary benefit of this reform is that it provides an effective, institution-based accountability tool rather than a top-down, one-size-fits-all test or other system imposed by federal or state governments.

Notes

Carrying Out the Reform

Signed contracts will be established between the university, Dean, department head, teachers and each student.

1. *Universities will provide each applicant with a "learning contract" that discloses, at a minimum:*
 - a. the graduation rate, placement rate and average starting salaries for a student with the equivalent entering admissions test scores (SAT) and major
 - b. the average class size
 - c. teaching evaluations for the faculty who will be teaching their classes
 - d. grade distributions
 - e. the skills, tools and lessons that the curriculum is designed to transmit
 - f. how educational value added will be measured.

All enrolling students will need to sign and return the learning contract to the school before admittance.

2. *Teachers will provide for each student enrolling in a course a classroom learning contract that discloses, at a minimum:*

- a. the skills, tools and lessons that the course is designed to transmit
- b. the grading policy for the course
- c. the method that students will use to evaluate the course and teacher on whether the learning promise was met.

To remain enrolled in a course, students must sign a copy of the contract and then have it returned to them signed by their teacher.

Possible Objections

1. *Students cannot measure whether or not they are learning the right tools, skills and lessons in class.*

If the learning contract is clearly drawn, students can judge whether or not they have learned anything. Adult learners now make up nearly half of all college students. Even in the case of younger students, our society allows eighteen-year-olds to vote and go to war and believes that young adults are capable of making complex purchasing decisions about automobiles and insurance. It simply makes no sense to assert that college students are not capable of judging the amount of learning that's being delivered in a classroom, particularly if it is clear what the course promises to deliver.

If a class is poorly designed or the learning objectives are unclear, students may have a difficult time deciding whether or not a class has delivered as promised. But that is the fault of the teacher who designed the course, not the student. And even in poorly defined courses, students still know whether or not they have learned anything at all.

2. *Won't this be a big burden on faculty, preparing all these contracts?*

Faculty already prepare syllabi for what will be taught in each class. These learning contracts are merely a refinement of the syllabi and thus not a great burden.

3. *Don't universities publish all of this information already?*

Graduation rates, class size and other data are not made clear on a case-by-case basis in a way that would allow students and parents to make informed choices. Explicit promises on learning outcomes are rarely if ever provided to students and parents.

Notes

4. *We're already subject to myriad accountability systems, why do we need this, too?*

Taxpayers and tuition payers (students and parents) as well as employers of college graduates are all demanding greater accountability and performance from colleges and universities. Some have even proposed national testing at the college level to measure performance.

Institution learning contracts are a tool to address these legitimate concerns in a way that recognizes the unique role and mission of each university. The promises made in learning contracts can vary from university to university in ways a standardized test never will.

Sample Class Contract

Learning works best when there is an explicit contract that sets the guidelines for a safe and effective learning environment. To finalize your acceptance in the course, you will need to carefully read the agreement below, sign it and return it prior to the first day of class.

Student Promises

As a student in this course, I agree as follows:

1. **Preparation.** I will analyze each case in depth. I will spend at least three hours of individual preparation and one-half hour of group preparation on each case. I realize that many classes will require six hours or more of preparation. If I am unprepared to open a case and notify the teacher prior to class, the teacher will have the option to deduct one-half letter grade from my final grade and drop my class ranking by five positions. If I am unprepared to open and do not notify the teacher in advance, the teacher will have the option to deduct a full letter grade from my final grade and drop my class ranking by ten positions.
2. **Presence.** I will attend every class (Monday-Friday) except in the case of a bona fide emergency
3. **Promptness.** I will arrive and be seated in the classroom before the designated starting time. A teacher will have the option to drop my class ranking by two spots each time I am tardy.
4. **Participation.** I recognize that I have an obligation to my classmates to participate in the classroom discussions and that I cannot remain in the program unless I participate frequently.
5. **Honesty.** Although I will work with my study group to discuss cases in detail, all submitted written work will be of my own creation unless otherwise noted. Furthermore, I will not use the internet or other sources to try and determine the actual outcome of a case. Finally, I will complete all take home exams without any assistance from outside persons or information sources.
6. **Process.** I agree to take all questions first to my study group and, next, to the Student Advisor. In the event that I can not resolve the question through these channels, only then will I send an email to the teacher describing my question.
7. **Release of Class Ranking.** I understand that my class rankings will be compiled and I authorize any teacher or staff member to release these rankings to any company or individual who requests it.
8. **Internet/Email.** I will not access the internet or email during class. If I violate this promise, I understand that the instructor may stop class and ask me to leave the classroom.

Instructor Promises

As instructors, we agree as follows:

1. **Preparation.** Each of us will carefully and completely prepare for each class.
2. **Promptness.** We will start and end each class on time.
3. **Commitment.** We will care for and respect each student as a learner and a person. We will put you ahead of all of our business and personal commitments, except for our families.

4. **Performance.** We will strive to make each course a satisfying and rewarding experience and we will seek out and seriously consider students' suggestions for improving our classes and individual teaching performance.

Consequences

If any one of us violates our promises as an instructor, students may comment in class, in private, or on the instructor evaluations. A summary of each class' evaluations will be sent to each member of the class.

Student _____ Date _____

Teacher _____ Date _____



Weekly Survey for Business Department (April 22, 2007)

design survey

collect responses

analyze results

View Summary

Current Report: Default Report Add Report

Browse Responses

Filter Responses

Response Summary

Total Started Survey: 21
Total Completed Survey: 21 (100%)

19. Please rate the following classes/activities for the week:

	Poor	Below Average	Average	Good	Excellent	N/A	Rating Average	Response Count
Human Resources	5.0% (1)	25.0% (5)	35.0% (7)	25.0% (5)	10.0% (2)	0.0% (0)	3.10	20
Logistics	0.0% (0)	0.0% (0)	25.0% (5)	30.0% (6)	45.0% (9)	0.0% (0)	4.20	20
Accounting 101	0.0% (0)	5.0% (1)	5.0% (1)	45.0% (9)	45.0% (9)	0.0% (0)	4.30	20
Marketing	0.0% (0)	0.0% (0)	10.0% (2)	60.0% (12)	30.0% (6)	0.0% (0)	4.20	20
Capital Raising	0.0% (0)	0.0% (0)	5.0% (1)	35.0% (7)	60.0% (12)	0.0% (0)	4.55	20
Weekly Guest Lecture Session	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	100.0% (20)	0.0% (0)	5.00	20
Thesis Seminar	0.0% (0)	0.0% (0)	0.0% (0)	27.8% (5)	72.2% (13)	0.0% (0)	4.72	18
							answered question	20
							skipped question	1

20. Please rate the following teachers/speakers for the week:

	Poor	Below Average	Average	Good	Excellent	N/A	Rating Average	Response Count
Joe Smith	10.0% (2)	35.0% (7)	35.0% (7)	20.0% (4)	0.0% (0)	0.0% (0)	2.65	20
Betty Williams	0.0% (0)	0.0% (0)	0.0% (0)	15.0% (3)	20.0% (4)	65.0% (13)	4.57	20
John Doe	0.0% (0)	0.0% (0)	15.0% (3)	30.0% (6)	55.0% (11)	0.0% (0)	4.40	20
Amy Jones	0.0% (0)	0.0% (0)	5.0% (1)	15.0% (3)	80.0% (16)	0.0% (0)	4.75	20
Sue Powers	0.0% (0)	0.0% (0)	0.0% (0)	55.0% (11)	45.0% (9)	0.0% (0)	4.45	20
Dan Matthews	0.0% (0)	0.0% (0)	0.0% (0)	25.0% (5)	75.0% (15)	0.0% (0)	4.75	20
Bob Montgomery	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	100.0% (20)	0.0% (0)	5.00	20
Claire Skittle	0.0% (0)	0.0% (0)	0.0% (0)	21.1% (4)	78.9% (15)	0.0% (0)	4.79	19
							answered question	20
							skipped question	1



Weekly Survey for Business Department (April 22, 2007)

design survey

collect responses

analyze results

View Summary

current report: Default Report Add Report

Browse Responses

Filter Responses

Open-Ended Results Detail

Total Started Survey: 21
Total Completed Survey: 21 (100%)

Displaying 1 - 10 of 17 responses [Previous](#) [Next >>](#) Jump To: [Go >>](#)

Comment Text	Response Date
Find 1. did a perfect job. I appreciated his methodical approach. I got a lot out of class every day	Fri, 2/29/08 3:43 PM
Find 2. teaching this class socratically is virtually impossible. has done a great job helping us think critically and ask the right questions, and I find a lot of value in that, but we cant seem to get past the mechanics as a class and that is holding everyone back. For those of us who understand it, we aren't going as deep as we'd like, for those of us that are lost, little progress is really being made in class. We need more help sessions, or a note that clearly lays out the process along with a josh jones style case over the winter break or something	Fri, 2/29/08 3:14 PM
Find 3. Although strayed from the socratic method at times, it was always in our best interest. I DID learn the right questions to ask, how to tackle a valuation problem, and why money was needing to be raised.	Fri, 2/29/08 2:59 PM
Find 4. This was the best class so far in terms of balancing case method with lecture. If had done this case entirely in case method I would have not learned nearly as much. The times he stopped to explain where we were lost helped me know what I was doing. I can only learn how to learn if I am certain that I have built a good foundation. I feel given my starting point for the course, it delivered the tools in an acceptable fashion. My grasp of the tools is sufficient but not as good as it could be. I feel it is more related to what I did not grasp coming out of cash and val. Knowing how to calculate how much, which then leads to form and source has prepared me greatly for making wise choices. These wise choices will lead to a more meaningful life, because I will not suffer a certain level of mistakes that would detract from my ability to lead a meaningful life.	Fri, 2/29/08 1:55 PM
Find 5. case method used well, but blended with some lecture, which sped the learning of many in the class, getting us over humps of confusion. my only beef w/ delivering on the promises is that I'd like more of these classes, somehow, to work further on sharpening these skills. I wish this course and harvest were all semester long. I think I understand better how to deal with financing a venture much better than most entrepreneurs who are starting out now.	Fri, 2/29/08 1:22 PM
Find 6. It was a great learning experience for me. presented the material and class went about learning the material in the most optimum manner. I got a lot out of this course. The nitty gritty details and nuances were covered during the help sessions that did enhance learning to another level. I know enough about it now that I can narrow the region of darkness much more easily now.	Fri, 2/29/08 12:34 PM
Find 7. does a really good job helping us when we don't understand something, but he usually starts at a level MUCH higher than my understanding, so if I were to speak up, it would take the class back about 10 steps. I wish he would start at a more basic level in discussions.	Fri, 2/29/08 12:31 PM
Find 8. Certain concepts in Raising Money can be taught through the case/socratic method, but difficult tools courses are easier to learn through repetition following a correct model. RM followed the framework very well and I was surprised how well until I went back and looked at it. Not sure about the meaningful life. I just feel better about knowing how much money to ask for.	Fri, 2/29/08 12:31 PM
Find 9. 1) We were constantly challenged to progress in our understanding of how things worked with the cases, which follow a great order. The final was hard, but all encompassing and I think a true measure of capability. 2) Raising Money is one of, if not the most valuable course so far because I feel like I have a solid understanding of the things that were trying to be taught in Cash and Val. It delivered on everything. 3) Not sure.	Fri, 2/29/08 12:12 PM



 send this article to a friend

How Some Colleges Deceive Students, Parents

By Marty Nemko

As fall begins, two million students and their families start to make one of life's most critical decisions: picking a college.

Alas some colleges, even some reputable ones, don't make the process easy.

DECEPTION: BURIED INFORMATION. Some colleges hide such information as their full published cost of attendance or their four-year graduation rate. The unfortunate truth is that the median four-year graduation rate at four-year colleges is just 37 percent. The rate at many colleges, including some well-known public universities is under 10 percent!

SOLUTION: Every college's 4- and 6-year graduation rate and other key information are at <http://nces.ed.gov/globallocator>.

DECEPTION: OFFER MAJORS THAT APPEAR TO LEAD TO A COOL CAREER. For example, some colleges offer enticing majors such as journalism, but fail to mention

that may only enter the major after their sophomore year and, even then, competition may prohibit some students from being admitted to the major. Or a college withholds the fact that most of that college's graduates never earn enough from journalism to even pay back their student loans.

SOLUTION: Contact the college's career center and ask, "If I am admitted to the college, am I admitted to the major?" Also ask, "What percentage of graduates in (Insert major) are professionally employed within six months of graduation?"

DECEPTION: LIE WITH STATISTICS. For example, the University of California trumpets that half its classes have 20 or fewer students. The problem is that few students take those small classes, for example, Advanced Greek. The commonly taken classes typically have 100 to 500 students.

SOLUTION: Don't sign on the dotted line until you've asked students or at least the admissions office, "How many students are in commonly taken classes such as calculus or 20th century literature?"

DECEPTION: LIE WITH STATISTICS #2: A college reports a freshman-sophomore return rate of X% *of those eligible to return*. (emphasis mine) most people don't notice that italicized phrase, but it's crucial. The actual rate would be much lower.

SOLUTION: Ask the admissions office for the retention rate for the full cohort of freshmen.

DECEPTION: LIE WITH STATISTICS #3: Be wary of colleges that say things like, "Ninety eight percent of *qualified* pre-med students get into medical school." A college may well only "qualify" those students who are a sure bet for admission, with the vast majority of pre-meds being deemed "unqualified."

SOLUTION: Ask the program's department chair: "Of every 100 students who start out pre-med (or pre-law) what percent end up actually attending medical (or law) school?"

DECEPTION: THE GLOSSY BROCHURE: Beware of colleges that have fancy brochures or web pages touting their, say, pre-med program. A slick presentation does not a good department make.

SOLUTION: Sit in on an advanced class in that program. After class, ask the students how they liked the program.

DECEPTION: HIDE BIAS. Some colleges claim to celebrate diversity of ideas, yet most of their classes are biased in one direction, with other ideas presented mainly to be denigrated. The best education fairly examines a wide range of perspectives.

SOLUTION: Before signing on the dotted line, look at the college's social science syllabi online and see if they're truly diverse. Or visit the campus bookstore and see what books are assigned.

DECEPTION: THE SCHOLARSHIP SCAM: A college gives you a scholarship. You say, "Wow, I'll go there; they want me." In actuality, most or all freshmen may have received the same scholarship. Many colleges reduce the sticker price of attendance for most students in hopes that students are lured to the college by the "honor" of receiving a scholarship.

SOLUTION: When you receive your financial aid packages, compare the cash dollars you'll have to come up with and the amount of loan you'll have to repay. Those are the only numbers that count.

DECEPTION: THE DRUG-DEALER APPROACH TO FINANCIAL AID. A college gives a student a big discount in the first year, but thereafter, knowing the student is hooked, raises the price. A college may even guarantee "the same amount of aid for four years," but fail to mention that more of the aid will be loan not grant, or that the aid won't be increased to reflect the inevitable cost increases during the four years. Not to mention what would happen in years five or six?

SOLUTION: Before agreeing to send your child to a college, ask the college's financial aid officer, "If our family's financial situation stays the same, in years two through four, and if necessary year five, can we count on getting the same percentage of our unmet need met and in the same ratio of grant to loan?" Get it in writing.

DECEPTION: THE WAITLIST SCAM. A college deliberately admits too few students and puts many students on the waitlist. It's human nature to want what you don't yet have, so waitlisted students who are subsequently offered admission are more likely to accept a weak financial aid package. Colleges with insufficient on-campus housing use the same technique, offering admission to waitlisted students who would be willing to live in substandard housing such as a local motel or YMCA.

SOLUTION: Don't accept a too-low financial aid package. And before signing on the dotted line, ask what housing you will be guaranteed, and for how long. Get it in writing.

We tend to view colleges in awe, as beneficent nonprofit icons. Alas, too many of them act like sleazy businesses. Caveat emptor.

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USING LEARNING CONTRACTS IN THE COLLEGE CLASSROOM

BY

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ABSTRACT

This article explores the use of learning contracts and the benefits they offer students. Education has to be an *active* rather than *passive* process. To be active, students must participate in the *process* of education and become more independent and responsible for their own learning. They must develop the skills of self-directed inquiry. The use of learning contracts allows the student to structure their own learning; to be an *active* participant in the *process* of education.

USING LEARNING CONTRACTS IN THE COLLEGE CLASSROOM

"Contract learning is, in essence, an alternative way of structuring a learning experience: It replaces a content plan with a process plan." Malcolm S Knowles (1991, p.39).

As college instructors, our challenge is to provide an academic environment that encourages learning and active participation by students. To achieve that goal, we have numerous tools at our disposal including learning contracts. Learning contracts, which are often used in self-directed study, independent learning, and the classroom, allow students to be more involved in their learning -- to become active participants in the creation of knowledge rather than passive recipients.

Traditionally, we as faculty determine the semester assignments and assessment tools without input from students. We give assignments, quizzes, mid-terms, finals, and have students write papers. In turn, we reward the student with a grade for completing the work. Newcomb & Warmbrod (1974) note that, "While current grading practices provide a grade as a motivator, these same practices cause anxiety, frustration, and drive some students to cheat. It is not uncommon for students to study rigorously in hopes of getting a 4.0 only to find that no matter how well they perform, only a predetermined percentage of the class can achieve a 4.0. Consider the effect grades have on students when they score so low on the first test that there is no hope (or incentive) for them to achieve excellence in the course. In essence, the motivational effect of the final grade is greatly reduced once the student realizes it will be impossible to reach his or her goal" (p.2).

Contract learning is an alternative way of structuring a learning experience: It replaces a *content* plan with a *process* plan (Knowles, 1986). According to Knowles (1980), contract learning solves, or at least reduces, the problem of dealing with wide differences within any group of adult learners. Characteristically, in our field we get people with widely varying backgrounds, previous experience, interests, learning styles, life patterns, outside commitments, and learning speeds. Didactic teachers

usually cope with this situation by "aiming at the middle," with the hope that those at the lower end will not get too far behind and that those at the upper end will not get too bored (Knowles, 1980). The solution is to help students structure their own learning. We can meet the needs of these widely varied students by the use of learning contracts.

THE CONCEPT OF CONTRACT LEARNING

Webster (1991) defines *contract* as, "an agreement between one or more parties for the doing or not doing of something specified" (p. 295-296). Webster (1991) also defines *learning* as, "knowledge acquired by systematic study in any field of scholarly application" (p. 772). By combining these two definitions we can define *contract learning* as an agreement between a student and institution or faculty member to acquire knowledge systematically either in the classroom or independently. The problem with this definition is that it has very legalistic connotations. Many people object or rebel to this and, therefore, many users of learning contracts call them "learning plans", "learning commitments", "study plans", "learning agreements", or "self-development plans" (Knowles, 1986).

Simply stated, the learning contract specifies what is to be learned, how it is to be learned and how learning will be verified (Fox, 1983). Neal R. Berte (1975) posits that learning contracts, though not binding legal documents in the strictly legal sense of contract, are written agreements or commitments reached between a student and a faculty member regarding a particular amount of student work or learning on the one hand and the amount of institutional reward or credit for this work on the other. A more detailed statement of what a learning contract specifies is needed, however, if we as faculty members are going to use them. I found that Malcolm Knowles provides the best information. According to Knowles (1986) a learning contract typically specifies:

1. the knowledge, skills, attitudes, and values to be acquired by the learner (learning objectives);
2. how these objectives are to be accomplished (learning resources and strategies);
3. the target date for their accomplishment;
4. what evidence will be presented to demonstrate that the objectives have been accomplished; and
5. how this evidence will be judged or validated. In academic settings the contract also specifies how much credit is to be awarded and what grade is to be given (p.38).

Thompson and Poppen (1972, p.118) propose that contract grading allows the instructor to incorporate a number of learning principles into grade contracts. They suggest that the following principles are manifested through contract grading (Newcomb & Warmbrod, 1974, p. 3):

1. the learner has both choice and voice in selecting alternatives for meeting learning objectives (the learner is more apt to become totally involved in a project which he or she has helped select and plan);
2. the learner is given opportunities to exercise responsibility through making commitments to complete personal learning goals;
3. personal involvement in learning is stressed through individualized and independent learning activities;
4. the teacher refrains from giving excessive directions (too much direction from the teacher usually results in apathetic conformity, defiance, scapegoating, or withdrawal);

5. the differential learning styles of students are considered in providing alternatives to learning;
6. competition with self is stressed over competition with others, and cooperation with others becomes an acceptable peer learning activity;
7. the learner feels a sense of freedom from the threat of failure;
8. the learning task falls within the learner's range of challenge -- that area where the task is neither too easy nor too difficult and the probability for success is good, but not certain;
9. there are opportunities for novel and stimulating learning experiences;
10. at least some of the purposes, objectives, and expectations of the course are defined in behavioral terms which clarify the learning task;
11. progress in learning depends to a considerable extent on how the learner perceives (through reinforcement or encouragement) the appropriateness of his or her efforts to accomplish the learning objectives, rewarded behaviors are naturally more likely to be repeated;
12. the learner receives feedback on the appropriateness of his or her efforts through the facility he has gained in self-evaluation;
13. learning is generalized to other life situations (generalization is most likely to occur when the learner has achieved the intrinsic reward of feeling a sense of self-satisfaction in achieving his or her objectives).

Contract grading can be particularly useful in a classroom setting. According to Frymier (1965), "Allowing students to decide which grade they wish to strive for, which activities they will engage in, and how they will demonstrate that they have satisfactorily completed their studies permits a teacher to seize upon powerful motivating forces within individual students. No one *has* to try for an "A." Likewise, anyone *can* try. This notion shifts responsibility for learning from the teacher to the student, but at the same time offers an incentive by insuring success under known conditions. Students are challenged without being threatened. Students are almost never dissatisfied with grades, whatever they may be" (pp. 263, 264).

ADULT LEARNING THEORY AND CONTRACT LEARNING

Between the seventh and twelfth centuries educational theory evolved in the monastic schools of Europe and towards the end of the twelfth century in universities in Bologna and Paris. This theory or model of education was called "Pedagogy". The term was derived from the Greek words *paid* (child) and *agogus* (leading). Pedagogy, therefore, means quite literally the art and science of teaching children. Throughout the centuries this model was very effective in teaching. However, in the 1920s, educators found that there were problems with teaching adults in a pedagogical fashion.

Pedagogy is based upon the premise that the purpose of education is to transmit knowledge and skills. The student is dependent upon the teacher. However, adults today want more than this. For the adult, education is a lifelong process of continuing inquiry and the development of skills needed for self-directed inquiry. Between 1929 and 1948 the *Journal of Adult Education* carried articles by successful teachers of adults describing ways in which they were teaching adults that deviated from the pedagogical model (Knowles, 1980). In 1968 Malcolm Knowles coined a new word which was to

contrast the word pedagogy. The new word, "Andragogy" was being used in Europe and Knowles defined it as the art and science of teaching adults. Andragogy is derived from combining *andr* of the Greek word *aner* (meaning "man") and *agogus* (meaning "leader") (Knowles, 1975).

Contract learning is an approach to education that is most congruent with the assumptions about learners on which the andragogical model is based (Knowles, 1986). One premise of andragogy is that as a person matures his or her self-concept moves from one of being a dependent personality toward one of being a self-directing human being (Cross, 1988). Knowles posits that this self-directed learner has the following needs (1986, p. 41):

1. The need to know. Learners need to understand the need to learn something -- how it will benefit them if they learn it or what the consequences will be if they do not -- before they are willing to invest time and energy in learning it. In the process of drafting a learning contract, learners are subtly challenged to think through why they are undertaking to learn something.

2. The need to be self-directing. The psychological definition of adult is "one who has achieved a self-concept of being responsible for himself or herself -- whose self-perception is that of a self-directing person." And when a person has arrived at self-concept, he or she experiences a deep psychological need to be seen by others and treated by others as being capable of being self-directing. Contract learning at its best involves the learners in making decisions about what will be learned, how it will be learned, when it will be learned, and whether it has been learned, usually with the help of a facilitator or resource person.

3. The need to have the learners' unique experiences taken into account. It is predictable that in a group of adults the range of experience, both in quantity and in quality, will be greater than in a group of children. Because of their experience, adults have developed different styles of learning, different levels of operation, different needs and interests, different speeds of learning, and different patterns of thought. Hence the importance, particularly with adults, of providing for highly individualized plans for learning. Learning contracts are almost always individualized plans for learning. Five individuals may have the same objective in their contracts and go about accomplishing that objective in five different ways.

4. The need to gear learning to the learners' readiness to learn. Adults become ready to learn something when they experience in their life situation a need to learn it. Since the life situations of any group of adults are different, they become ready to learn different things at different times. Learning contracts provide the flexibility to enable different learners to time their learning according to their readiness to learn.

5. The need to organize learning around life tasks or life problems. Adults have a task-centered or problem-centered orientation to learning, rather than the subject-centered orientation that is characteristic of children. Learning contracts enable learners to state their objectives in terms of tasks or problems that are related to their life situations.

6. The need to tap into intrinsic motivations. Children and youth have been conditioned by their school experience to rely on extrinsic motivators -- pressure from parents, teachers, and the grading system. Although adults respond to some extent to extrinsic motivators (wage increases, job promotions), their deepest motivation comes from such intrinsic motivators as increases in self-esteem, responsibility, creativity, and self-fulfillment. Learning contracts challenge learners to tap into the intrinsic motivators.

SUMMARY

In summary, learning contracts are useful tools that encourage students to become active participants in their learning. Education has to be an *active* rather than *passive* process. To be active, students must participate in the *process* of education and become more independent and responsible for their own learning.

There are many benefits to the use of learning contracts. They provide a way to deal with the wide differences among any group of learners, increase student motivation for learning, facilitate the development of mutual respect between the educator and participants, provide for more individualized mode of instruction, and foster the skills of self-directedness (Knowles, 1986).

Our traditional methods of teaching allow students to be passive in their education. They attend classes and the knowledge is presented to them by the instructor. To be active, students must participate in the *process* of education and become more independent and responsible for their own learning. They must develop the skills of inquiry. The use of learning contracts allows the student to structure their own learning; to be an *active* participant in the *process* of education.

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Breakthrough Solution #6:

Put State Funding Directly in the Hands of Students

The Goal

Breakthrough Solution #6 creates student-directed scholarships for undergraduate and graduate education, funded by current Texas state government's direct appropriations to colleges and universities.

This reform has two major benefits. First, it will increase college access, particularly among low-income and disadvantaged students. Why? All too often, students (and their parents) greatly over-estimate the cost of college and just assume they cannot afford it. Research consistently shows that this mystification about how much college costs and how to pay for it is as big a barrier to aspiring to, preparing for and applying to college as the actual lack of means to pay. Student-directed scholarships demystify college costs for students and parents by making explicit current state subsidies for college and providing a greater understanding that college may be affordable and attainable.

Second, by fundamentally changing the allocation of higher education funding, and directing money to students – not to institutions – students would become the real customers of higher education institutions. By refocusing colleges and universities on the real customers and allowing students to drive the dollars to the school, colleges and universities will have a new incentive to compete for students.

Notes

Carrying Out the Reform

This reform creates student-directed scholarships to subsidize the cost for in-state students attending a college or university in Texas. Scholarships will be funded by current direct appropriations to universities from the state's general fund.

1. *Provide each in-state student with a scholarship for undergraduate and graduate education.*

Students would be able to use their scholarship at any Texas public college or university of their choice, private institutions that currently receive state tuition equalization grants, and

possibly other private universities and colleges within Texas.

2. *Fund scholarships with current direct appropriations.*

A significant portion of current funds that go directly from the state's general appropriations fund to colleges and universities would be used to fund the student-directed scholarships. Monies currently used to subsidize undergraduate and graduate education would fund the scholarships. Other monies going from the state to higher education for research, health science, economic development, etc., would not be impacted.

3. *Increase college access by marketing the scholarships starting in middle school.*

Increasing college access is vital for Texas, where the overall per capita college enrollment is below the national average. If Texas' college enrollment were merely the national average, an additional 143,000 Texas students would be in college today and every year. If Texas reached California's enrollment percentage, an additional 308,000 Texans would be in college! Student-directed scholarships can be a cornerstone of the effort to improve college access and ensure an educated workforce for decades to come.

Starting in the 8th grade, resident Texas children would be encouraged to sign up for these new student-directed college scholarships – i.e., “sign up for your college opportunity account now, so the state knows to have scholarship dollars available for you to go to college.” Each year, students and parents would know that the people of Texas are providing scholarships to help pay for the cost of college and can be reminded that it is a “use it or lose it” scholarship. Having your own account creates a sense of ownership and awareness that there is financial support to attend college, which is critical among low-income and disadvantaged children (and their parents) to get them to aspire to attend college.

4. *The scholarship is not financial aid.*

All students qualifying for in-state tuition would receive a scholarship for exactly the same amount, regardless of family income. Reason: One of the benefits of your family living and paying taxes in Texas is financial support to attend an in-state college or university.

Need-based aid such as TEXAS grants and Pell grants would be additional funding on top of the scholarship. Additionally, financial aid could be streamlined and made easier to understand by rolling existing state need-based aid into one additional need-based award on top of the new scholarship.

Texas could mesh the new student-directed scholarships with federal and state pre-collegiate activities and, for example, increase the scholarship amount (using federal dollars) for those disadvantaged students who complete a rigorous college prep curriculum in high school.

5. *Encourage timely degree completion.*

By capping the number of credit hours for which a scholarship may be used (say at 130 credit hours if a four-year degree requires 120 credit hours), the new scholarships encourage institutions to focus on graduating their students in a timely manner. Taxpayers should not be asked to subsidize students for more than four years of undergraduate education and institutions should not be rewarded with continuous state subsidies for not providing timely degree completion opportunities for students.

Translating the student-directed scholarships into a per-credit-hour amount will not penalize part-time students, transfer students, or students who attend a community college and later a four-year university.

Possible Objections

1. *Isn't this just a shell game?*

Some may ask why bother taking current appropriations that go to colleges and universities, convert them into scholarships and then have the students direct that money to the university – the net result is the same: state tax dollars go to higher education. The reason is that student-directed scholarships provide the biggest bang for the taxpayers' buck because they encourage and promote college access in a way that direct appropriations do not. Additionally, student-directed scholarships change the incentives for universities from lobbying the legislature to favor one institution over another to competing for students as the way to increase revenue.

2. *Why aren't these scholarships need-based?*

Middle-class families rely greatly on "in-state tuition" to be able to afford a college education for their children. That is one of the benefits of being residents of Texas and paying taxes here. Student-directed scholarships make this benefit explicit and easy to understand.

Student-direct scholarships can be used, however, to greatly simplify financial aid and remove much of the mystery that confounds low-income families. By adding a specific amount of aid on top of each scholarship, low-income families will be able to understand much more easily how they will be able to afford college.

3. *Why are private colleges and universities included?*

Through tuition equalization grants, Texas policymakers long ago decided that in-state students attending private colleges and universities in Texas would still receive some aid. Converting tuition equalization grants into student-directed scholarships makes these subsidies explicit and says to Texas children: If you work hard, prepare for college and get accepted by one of Texas' great colleges or universities, we are going to support you and help pay for it. Why should a low-income student accepted to Baylor not be supported?

Allowing students to use their student-directed scholarships at more private colleges and universities will also increase competition among higher education institutions. This competition will generate a greater focus among public universities to serve students and deliver a valuable and timely education.

4. *What about adding new funding for higher education?*

Initially, the student-directed scholarships are funded using existing higher-education funding. However, future funding increases for higher education could be applied to the scholarships, to increase their amount.

Student-directed scholarships actually create a much larger constituency for higher education funding. It is much easier for the legislature to cut the higher education budget in slow economic times when the only folks who really understand it are university presidents and CFOs. But when hundreds of

thousands of students see their scholarship amounts reduced by the state legislature, it makes the impact much more clear and immediate and more difficult to sustain.

5. *Where has this been done before?*

In 2004, Colorado passed a law directing all state funding for undergraduate education be converted into student-directed scholarships ("stipends" is the term used by Colorado). Implemented in 2005, hundreds of thousands of Colorado students have now used and continue to use their stipends. Other states are exploring similar efforts.

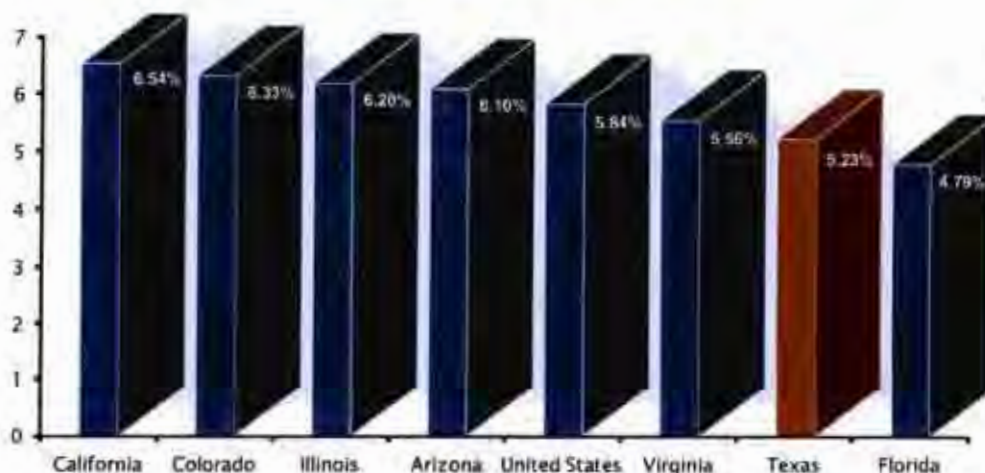
Denied Access: Fewer Texans Attend College Because There Are Fewer Options

by Rick O'Donnell
 President, Acton Foundation
 for Entrepreneurial Excellence
 & Senior Research Fellow,
 Texas Public Policy Foundation

Success in the global economy—for individuals, communities and whole states—increasingly relies on a well-educated workforce. Unfortunately, Texas is falling behind, with fewer students attending college than other states in the nation. With high barriers to entry that limit new colleges and universities, there are fewer higher education options for Texans. So much so, in fact, that Texas suffers from a net negative migration of college students to other states.

Overall per capita college enrollment in Texas is below the national average. Texas enrollment is 5.23 percent of the state's population versus the national average of 5.84 percent. If Texas' college enrollment were merely the national average, an additional 143,000 Texas students would be in college today and every year. If Texas reached California's enrollment percentage, an additional 308,000 Texans would be in college!

Total Per Capita College Enrollment



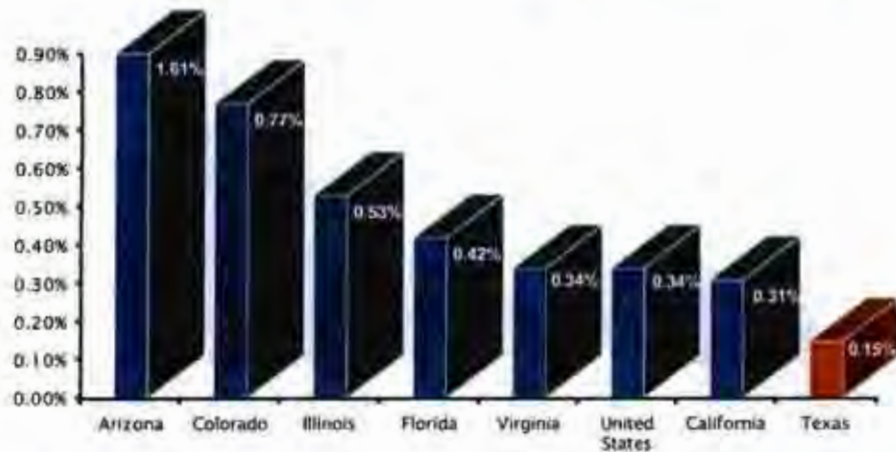
Note: The University of Phoenix's online campus is excluded. In addition, Florida's total college enrollment would be 5.84 versus 5.45 for Texas, if those 65 and older are excluded from the total population.

A major reason fewer Texans are enrolled in college is that fewer Texans attend for-profit, degree-granting higher education institutions. In fact, the Texas enrollment in these institutions (34,000) is less than half the national average—0.15 percent of the Texas population versus the national average of 0.34 percent.

If the percent of Texas' population enrolled in for-profit, degree-granting colleges and universities equaled that of California, 64,000 more Texas students would be enrolled in college.

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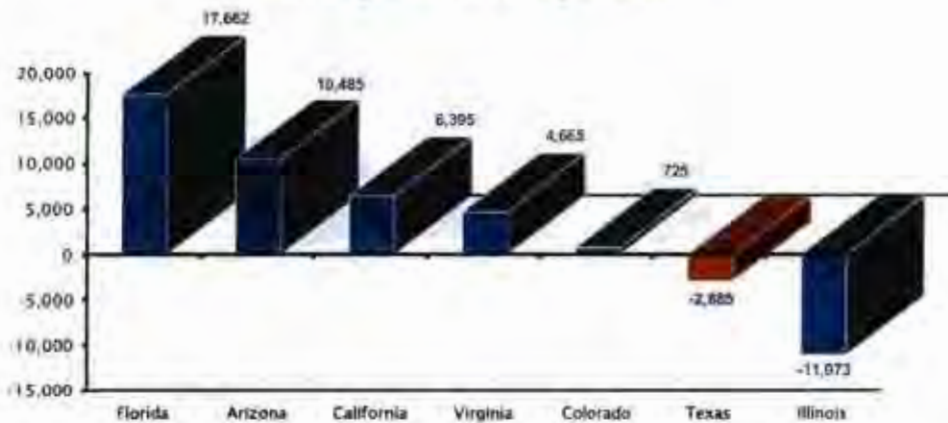
Per Capita Enrollment in For-Profit, Degree-Granting Colleges



Note: The University of Phoenix's online campus is excluded. In addition, Florida's total college enrollment would be 5.84 versus 5.45 for Texas, if those 65 and older are excluded from the total population.

With fewer options, it isn't a surprise that Texas actually suffers a net loss of students who leave to attend colleges and universities in other states.

Net Migration of College Students



Texas, at \$229 per capita, also appropriates more money for higher education than any of the above states except California, and much more than the \$164 per capita in Arizona. Yet, Arizona has an additional .87 percent of its population enrolled in college, mostly at for-profit, degree-granting institutions.

Given that Texas has favorably young demographics as the 47th youngest state, the most likely explanation for the state's lack of enrollment in for-profit, degree-granting institutions is the many regulatory barriers such institutions must surmount in order to receive approval to operate in Texas. These barriers have constricted the number of such institutions in the state, the number of branch campuses, and the number of degree programs, reducing student options. ★

Sources: Per capita college enrollment, net migration of college students and per capita appropriations: <http://www.innopolis.highereducation.org/compare>; Per Capita Enrollment in For-Profit, Degree-Granting Colleges: http://nces.ed.gov/programs/digest/006/tables/0106_200.asp?referer=lls

THE
College

OPPORTUNITY

FUND

**BACKGROUND
& HISTORY**

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Executive Summary

Governor Bill Owens modernized the landscape of public higher education in Colorado on May 10, 2004, when he signed the College Opportunity Fund program into law. By linking state funding directly to individual resident undergraduate students, the Colorado Department of Higher Education is using this first-in-the-nation, student-friendly, fiscal approach to tackle the state's challenges of low participation and depleting financial resources.

Implemented to heighten the consumer market and attract the state's citizens into public higher education, the Department believes that the approach will help begin a much-needed dialog with Coloradans about the affordability and availability of public higher education.

With this policy change, Colorado is providing a greater level of government transparency to its taxpayers and raising awareness of how tax dollars are not only contributed to provide public higher education but also to support economic development. Additionally, by being upfront with potential students and their parents about the cost of higher education and the state's willingness to help fund public higher education, Colorado is beginning to remove the financial barriers that often prevent students from entering the system.

What is the College Opportunity Fund?

Beginning in Fall 2005, Colorado will change its funding system for public higher education to a student-stipend program known as the College Opportunity Fund. Under the new system, the state will no longer make direct lump-sum financial transactions to its public institutions for undergraduate education. Instead, these funds will be provided to public and private higher education institutions on behalf of resident undergraduate students in the form of a stipend.

Stipends will be set annually by the General Assembly during the state's budget process. The allocation is defined on a credit hour basis where the advertised amount is representative of a full-time student taking 30 credit hours each year. For the 2005-06 academic year, the state estimates that it will provide each participating student with a \$2,400 stipend or \$80 a credit hour.

Each student receives an account of 145 lifetime credit hours that may be applied toward the cost of total in-state tuition for undergraduate degree programming. Caps do not exist on the number of credit hours that a student may take in any given academic year. Students who are unable to complete a baccalaureate degree within 145 credit hours may apply through either their institution or the Colorado Commission on Higher Education for a one-time waiver of their lifetime-credit-hour allocation. Those students who exhaust their lifetime credit hour cap and are not provided a waiver will be required to pay the full cost of in-state tuition for the completion of their degree.

Students who receive a baccalaureate degree following July 1, 2005, will be provided an additional 30 credit hours that can be applied toward continuing education conducted at the undergraduate level.

Outside of the credit hour cap, other limitations on the stipend's use do exist. Any undergraduate course that is cash or fee-for-service funded is ineligible to receive stipend reimbursement. Any

stipend expenditure toward these courses would result in double billing.

Students Attending Private Institutions

A portion of the College Opportunity Fund program was established to provide Pell-eligible students attending selected private institutions the ability to receive a half stipend. For participation purposes, these students must have graduated from a Colorado high school and be considered an in-state resident.

Private institutions seeking to participate in the College Opportunity Fund program are required to meet seven criteria. These institutions must:

- Enter into a performance contract with the Colorado Department of Higher Education;
- Participate and provide data to the Colorado Department of Higher Education's Student Unit Reporting Data System (SURDS);
- Be a not-for-profit college or university;
- Not be pervasively sectarian;
- Maintain its primary place of business in the State of Colorado;
- Offer general Baccalaureate degrees in the Arts and Sciences; and
- Be regionally accredited by one of the six national accrediting agencies.

Performance Contracts

Under the College Opportunity Fund, all public and participating private institutions are required to enter into a performance contract with the Colorado Department of Higher Education. For the public colleges and universities, the intent of the contracts is to "provide for greater [institutional] flexibility and a more focused accountability for institutions to students and the people of Colorado." The contracts additionally allow the Department to eliminate the current one-size-fits-all practice of quality control, while implementing accountability measures that focus on each institution's academic programming and any previously generated internal objectives.

Legislative provisions within the College Opportunity Fund program established essential goals that are included in each institution's contract. This language maintains that institutions will continue to focus on improving student access and success, advancing institutional quality and operation, and developing the state's workforce. Additionally, the contracts aim to strengthen statewide efficiency programs that were designed to help students graduate in a timely manner.¹

All data that is collected through the contracts will provide necessary information on these provisions and will specifically focus on:

- Student enrollment, transfer, and graduation rates;
- Student satisfaction and performance;
- Institutional cost and productivity;
- Quality academic programming; and
- Increased financial support that sustains and enhances essential functions, such as financial aid.

Contracts with participating private institutions will differ from those signed with the state's public institutions. The quality assurance reporting that is developed with these institutions will focus specifically on the graduation, retention, and success rates of participating Pell-eligible students.

Fee-for-Service Contracts

In addition to the funding that public institutions will receive from the collection of student stipends, they also have the ability to collect state general fund dollars by entering into a fee-for-service contract with the Colorado Department of Higher Education. These contracts allow the state to purchase "specified educational services and facilities required for the full development of Colorado's educational and economic opportunities."ⁱⁱ Institutional programs that receive

fee-for-service funding may not collect stipend reimbursement from participating students.

Under the requirements of SB04-189, the state may purchase the following programs:

- Graduate school;
- Educational services in rural areas;
- Basic skills courses;
- Economic development services, such as career development and retraining;
- Dual enrollment programs for high school students; and
- Specialized services for professional degrees, such as dentistry, medicine, veterinary medicine, nursing, law, forestry, and engineering.ⁱⁱⁱ



¹ Under the "Student Bill of Rights" (2001), the Commission implemented guaranteed transfer programs for general education coursework and limited the number of hours in most baccalaureate programs to 120 credit hours.

Why the College Opportunity Fund?

In 2001, Governor Bill Owens assembled the Blue Ribbon Panel on Higher Education for the Twenty-First Century. As panel members began studying the problems of funding and participation in Colorado's public higher education system, they began to recognize how severely the K-16 pipeline was broken and the blatant discrepancies of higher education levels held by Colorado's population. It is with this information that they began looking toward a solution to the Colorado Paradox.

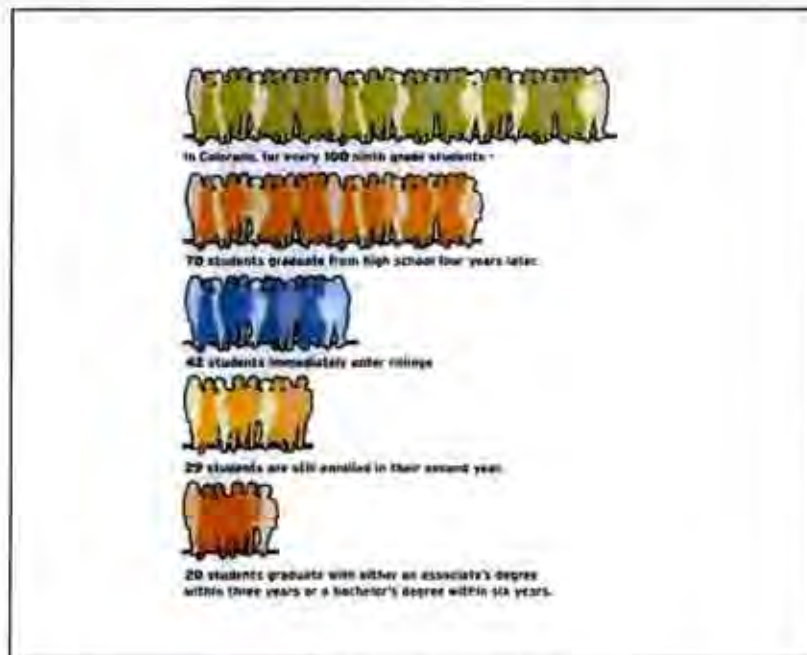
The Colorado Paradox

Used to describe the inconsistency of statistics concerning baccalaureate degree holders, the Colorado Paradox emphasizes the gap between the large number of adult residents who hold a baccalaureate degree or higher and the number of recent high school graduates attending college.

While ranking first nationally in the percent of population over age twenty-five who have received a baccalaureate degree or higher,^v Colorado only ranks twenty-seventh in the number of high school freshmen who enter college within four years.^{vi} To underline the problem even further, in 2000, the average participation rate for low-income students was 17.1 percent, which placed Colorado forty-first in providing access for low-income students.^{vii}

The following chart displays Colorado's educational pipeline as it exists today. For every 100 ninth graders, only 42 will immediately enter college after graduating from high school, and less than half will receive an associate's or baccalaureate degree in a timely manner, if at all.^{viii} Under these statistics, just over 12,000 of today's 64,465 ninth graders^{ix} will earn a postsecondary degree.

Colorado's Educational Pipeline



Source: National Center for Public Policy and Higher Education, 2004

Creating Access

Operation of the current system does little to help potential students understand the inner workings of state funding and only highlights potential financial barriers. As it stands now, “[f]amilies focus on only how much remains for them to pay if the child attends college, rather than on how much he or she gives up by not going.”^x With the statistics of the Colorado Paradox, Blue Ribbon Panel members recognized that any systematic change implemented needed to be one that the consumer could conceive as a means of access.

Through the College Opportunity Fund, the student will actually be given a tangible product that he or she can use to access the system. The idea being that by highlighting the state’s financial contribution to public higher education, the system becomes a consumer-driven instead of an institutional-driven market.

Before any legislation was drafted, the concept was market-tested before potential students and their parents. The parents of elementary, school-aged children found the idea interesting, but admitted that they had yet to consider college financing in such detail. Middle and high school parents and students provided much greater insight to the program’s potential. Low-income families demonstrated the strongest support.

Blue Ribbon Panel Chairman Bruce Benson best summarized the findings:

[F]ocus groups of low- and middle-income students and parents taught panel members and commissioners several things. First, high school counselors almost never talk to low-income students about higher education. Second, almost no one understood that the legislature funded two-thirds of every student’s tuition. All said that if the state wrote a letter to high school freshmen telling them that a savings account would be set up in their name if they graduated from high school, that letter might motivate them to stay, graduate and attend college.⁴¹

The use of the letter was in fact such a compelling force that the final legislation calls for the Department of Higher Education to “inform students beginning in the eighth grade of the state’s financial commitment to students to assist them in continuing their education by attending college and of the additional financial resources that may be available to the students in order to further their education.”^{xii} During implementation of the College Opportunity Fund, the Department proceeded to take the concept of program outreach one step further and implemented a five-year, \$15 million marketing campaign to publicize public higher education. By using the College Opportunity Fund as the center of its marketing message, the Department is promoting the idea that public higher education is affordable and accessible for all Coloradans.



Funding for Public Higher Education in Colorado

Prior to Fall 2005



GENERAL FUND

\$\$\$\$\$\$\$\$
\$\$\$\$\$\$\$\$
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Funding for Public Higher Education in Colorado

College Opportunity Fund



STIPENDS

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FEE-FOR-SERVICE

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How the College Opportunity Fund Works

The College Opportunity Fund program was designed to maintain or increase state funding for public higher education. By placing Colorado's students in the forefront of higher education fiscal policy, it becomes harder to impose budget cuts on undergraduate education. Under the current system, when cuts occur, the general public does not perceive a personal loss. If cuts take place under the College Opportunity Fund, the system's students will experience a direct financial hit through the reduction of their stipend.

Tuition

Under the College Opportunity Fund, resident students will receive a bill for the total cost of in-state tuition, which includes both the student's

share of tuition and the stipend. While students might initially experience sticker shock by what appears as a substantial hike, in no way does the billing change represent a tuition increase or a decrease in the state's tuition subsidy. What the change does provide is the ability for a student to see the amount of state support that is applied toward public higher education. Additionally, the change allows all students to receive the same financial backing from the state, no matter what institution they attend. With the current funding structure, the amount of state support provided to students currently varies by institution.

The following chart illustrates how the program works.

Institution	In-State Tuition	Stipend	=	Student's Share of In-State Tuition*
University of Colorado Boulder	\$1,144	\$2,400	=	\$1,254
Colorado State University	\$1,340	\$2,400	=	\$2,040
University of Northern Colorado	\$3,200	\$2,400	=	\$2,800
Colorado School of Mines	\$8,710	\$2,400	=	\$6,310
Adams State College	\$8,894	\$2,400	=	\$7,094
Front Range Community College	\$5,279	\$2,400	=	\$3,179
Delta State College	\$4,403	\$2,400	=	\$2,003
Metropolitan State University of Denver	\$5,402	\$2,400	=	\$3,002
Western State College	\$5,228	\$2,400	=	\$3,228
Community College	\$4,918	\$2,400	=	\$2,018

*Amount of tuition paid by student in FY 2005. Does not include transportation, housing, fees.

Source: Colorado Department of Higher Education, August 2004

Fee-for-Service Funding

Since public institutions offer many educational and economic development services outside of undergraduate education, fee-for-service funding provides the state with the ability to purchase specified courses for the citizens of Colorado beyond those paid for by the stipend. These funds will allow institutions to continue offering current programming at a low cost to the state's residents.

Without fee-for-service funding, only one of Colorado's twenty-eight institutions would remain at its current funding level. Allocations for these services are based on the statutory role and mission statement of each institution. The chart below illustrates how fee-for-service funding helps institutions maintain their current level of state funding under the College Opportunity Fund. A reduction in funding for the community colleges represents a decline for institutional enrollment.

Financial Aid

One common misconception of the College Opportunity Fund is that the stipend is equivalent to financial aid. However, this was not the intent of the legislation.

When the state's budget for higher education is composed, funding for financial aid and the stipend are made through separate allocations. Dollars provided to the College Opportunity Fund for students at public institutions represent previous state spending for public higher education. The only funding that may be considered new system dollars is that which is allocated for stipend participants at private institutions.

How the Budget Works Under the College Opportunity Fund

Institution	Prior to Fall 2000	Stipend commitment (Fall 2000)	After Fall 2000	
	Total General Fund		Fee-for-Service	Total State Funds
University of Colorado System	\$150,673,241	508,390,107	\$44,217,236	\$1,911,673,241
Colorado State University System	\$109,183,992	340,508,765	\$61,225,227	\$1,091,183,992
University of Northern Colorado	\$11,090,009	\$21,823,625	\$11,364,238	\$11,090,009
Colorado School of Mines	\$17,087,280	\$5,501,305	\$11,291,777	\$17,087,280
Adams State College	\$10,316,031	\$3,501,499	\$7,615,141	\$10,316,031
Fort Lewis College	\$7,553,181	\$6,203,090	\$1,352,111	\$7,553,181
Front Range College	\$12,375,100	\$18,782,495	\$7,157,309	\$12,375,100
Metropolitan State College of Denver	\$33,871,347	\$28,878,415	\$25,287	\$33,871,347
Western State College	\$6,896,718	\$5,764,643	\$8,341,975	\$6,896,718
Community Colleges	\$100,718,879	\$80,110,787	\$10,311,280	\$100,718,879

History of the College Opportunity Fund

While Colorado is the first state to adopt a stipend funding system for public higher education, the concept of supplying students with financial assistance for higher education through stipends or vouchers has been in place at the national level since the 1944 enactment of the G.I. Bill. Through the establishment of Pell grants (Basic grants) in 1972 and the HOPE scholarship tax credit in 1997, expansion of the national system continues to occur.

A voucher is defined as "a written authorization or certificate, especially one exchangeable for cash or representing a credit against future expenditures."^{xxviii} This classification holds applicable to all three federal financial aid programs. Additionally each program institutes three basic policies: expansion of participation, maintenance of affordability, and academic accountability. With the alignment of these three goals, ultimately the greatest variable between the programs is the target population.^{xxix}

Furthermore, it is not coincidental that these programs mirror each other in both structure and goals. As was seen from the implementation of the G.I. Bill, student financial support programs have moved higher education from being characterized as elitist to all-inclusive. In looking at the participation results of the G.I. Bill, the numbers illustrate that by 1947, just four years after adoption of the legislation, veterans were estimated to have made up forty-nine percent of national enrollment figures. At least 500,000 of those students who accepted assistance from the G.I. Bill would most likely never have stepped foot into a college classroom without the government's assistance.^{xxx}

The successes of establishing an expansive higher education system with the G.I. Bill are so great that it was presented to Congress as the model for the Hope Scholarship Tax Credit. Senator Edward Kennedy offered a comparison of the two programs stating that the G.I. Bill:

gave so many veterans the skills needed in those years to participate fully in expanding our economy...we invested in their futures and the future of the Nation by making higher education available and affordable for returning veterans. The investment has more than paid for itself. For every dollar invested in grants under the GI bill, the Nation received more than \$8 in economic returns. The Hope scholarships, announced by President Clinton, are based on the same principles—investing in the future of America by investing in education and training for all citizens. The President's proposal recognizes what business leaders have been telling us for years, that high skills are the key to high wages for American workers in the global economy.^{xxxi}

Colorado's transition to such a system has been 20 years in the making. The debate began in 1981 with the release of a policy analysis exploring alternative funding methods for public higher education. While most of these alternatives spanned more traditional fiscal policies, the report offered considerable interest in exploring direct student appropriations. Institutions would bill students for the full cost of their education, which could then be offset with the state appropriated voucher. Additionally, separate funding would continue to be included in the state's budget for capital construction, organized research, and other activities, including graduate students, which went above the established price of tuition.^{xxxii}

Few people remember any details of the debate that raged around the 1981 report. Those who do, however, note that the voucher recommendation was cited as unrealistic and impractical, which ultimately led to the report's downfall.^{xxxiii} While the dissent of the idea caused further discussions for a voucher system to be temporarily shelved, Colorado State Representative Norma Anderson put the idea back on the table in 1996.

Representative Anderson's 1996 legislation proposed a student allocated financial system that would have appropriated funds for undergraduate education based on a student's annual income, attendance status (full or part time), and the type of institution he or she was attending. Students who

had previously received a high school diploma or GED in Colorado would have been eligible to use their vouchers at both in-state public and private institutions for up to 150 credit hours. Being excluded from the legislation, graduate students would have remained under the working system.^{xxiv}

While Representative Anderson's legislation was unsuccessful, the concept resurfaced during a legislatively issued evaluation of public higher education in 1999. A portion of the study included a discussion of the potential effectiveness and any plausible suggestions in the use of a higher education voucher.^{xxv}

Ultimately, the report did not issue a conclusive recommendation regarding either the potential establishment or success of a voucher system. What it did provide was a suggestion about the shift in power and government regulation that could occur in a student-based system. Recognizing that "[i]f funds were given to students in the form of vouchers or grants...students would ultimately determine the future viability of those institutions."^{xxvi} Additionally the report stated that in a true student-centered model, "[w]hile the state government (CCHE) would still establish broad-based policies and set basic criteria for eligibility for students, operational oversight would have to be avoided."^{xxvii}

Since the document was strictly informational, the idea of establishing a voucher system did not immediately move forward. Instead, the concept of a true student-centered model fermented in the minds of Colorado's higher education and legislative communities until August of 2001, when Governor Bill Owens assembled his Blue Ribbon Panel on Higher Education in the Twenty-First Century.

Governor Owens ordered 17 appointments to the panel, which was comprised of legislatures, commissioners, and community members, to recommend initiatives that would secure the system's resources while enhancing its quality. Joined by an advisory council made up of the six

institutional system presidents, the Panel focused on Colorado's problems in funding and participation, while developing a system set "to foster the education of its citizenry, so as to prepare it for membership in the broad and multi-faceted workforce that our economy requires."^{xxviii} It was through this directive that the Panel began to understand the complexities of the Colorado Paradox.

The Panel's final recommendation was sent to Governor Owens and the General Assembly on January 24, 2003. It outlined the establishment of undergraduate savings stipends worth \$4,000 per year or \$133 per credit hour that could be used for up to 140 credit hours and Graduate I (master's level) stipends worth \$8,000 per year or \$267 per credit hour that could be used for up to 60 credit hours. Additionally, it called for tuition cuts of twenty-five percent at the state's community colleges and tuition increases of up to five percent over and above all other allowed tuition increases at the state's four-year institutions. Role and mission grants would be provided to each institution for specialized programming that is specified in the Colorado Revised Statute.^{xxix}

While the plan differs slightly from the 2004 enactment legislation, the original intent remains intact: students are now at the center of the state's funding model, and Colorado is creating a consumer driven system of public higher education.

A New Day for Higher Education

Excerpt from Governor Bill Owens' speech at the signing of HB 100, June 19, 2004

Quality education isn't about government; it's about the future of our students. The College Opportunity Fund puts real resources power in the hands of students and will come online in complete for those dollars. It's a new day for higher education funding in America, and I'm proud to say that it's starting in Colorado.

The Political Reality of the College Opportunity Fund

The initial College Opportunity Fund legislation, HB03-1336, detailed the recommendations of the Governor's Blue Ribbon Panel on Higher Education for the Twenty-First Century. Under its passage, the bill would have established an annual undergraduate voucher worth \$4,000 that could be applied toward 140 credit hours and a master's degree voucher worth \$8,000 that could be applied toward 60 credit hours. Language further established a procedure for institutions that received less than ten percent of their total revenues from the state to become enterprises beginning in fiscal year 2005.

Having conducted market research on the concept, where potential students and their parents responded positively to the College Opportunity Fund program and its transparency in the use of tax dollars, the Colorado Department of Higher Education was eager to move forward with the legislation. However, as the downturn in the economy became Colorado's forefront issue during the 2003 session, the push for a statewide student voucher program became infeasible, as the set allocation was seen as an entitlement.

With the legislation providing little authority to the General Assembly over the fiscal impact of the program, members began voicing concerns. Joint Budget Committee Member, Representative Brad Young fronted the charge stating that "[t]his bill is just bad timing. Because of the deficit and the complexity of this idea, it may not be a good time to completely rewrite higher-education funding."²³³ Hopes for its passage in 2003 finally folded when the general fund allocation for higher education was significantly reduced for the second straight year.²

Since concurrence on the system's transformation and debate outside of the state's economic circumstances had fallen by the wayside during 2003, Governor Owens and the Department began work during the interim to address the concerns that many legislators had developed. At that time a number of the state's private institutions also began conversations about allowing their Pell-eligible

students to be included in the stipend with the Department.

When the legislation was reintroduced as SB04-189 in 2004, major changes included:

- Changing the terminology from voucher to stipend;
- Authorization for the General Assembly to set the amount of the stipend on an annual basis;
- Restriction of the stipend to undergraduate education only;
- Changing the life-time-credit hour limitation from 140 credit hours to 145 credit hours;
- Implementation of performance contracts between institutional systems and the Department of Higher Education;
- Implementation of fee-for-service contracts that would include all graduate level programs instead of the previously recommended Role and Mission grants; and
- Inclusion of undergraduate Pell-eligible students attending specified private institutions.

The language allowing institutions the ability to seek enterprise status remained intact from the previous session. Inevitably with the budget cuts from the previous two years, members of the General Assembly began forcing the issue as a key priority in 2004.

With Colorado's institutions now feeling budget constraints as a result of the cuts, they were becoming increasingly frustrated with their inability to raise additional funds through tuition hikes. Using enterprise status as the fix, the institutions began to discuss the breaking point that would come if a solution was not presented soon. In the House Education Committee hearing on April 14, 2004, University of Colorado President

Betsy Hoffman voiced her final appeal for financial help through enterprise status stating, "[t]here is a very real threat Colorado won't be able to provide public higher education by the end of this decade. We are facing the downfall of public higher education in Colorado."^{xxxii}

Within weeks of the House Education Committee hearing, the College Opportunity Fund finished its path through the General Assembly and was signed into law, creating the first higher education stipend program in the nation.

Throughout the political process, it was important for the Department to remain focused on the message that would hold the greatest impact in passage of the legislation. While the Department's stance on the College Opportunity Fund never swayed from its use in creating a system of access, the message of loosening the fiscal restraints of the state's public institution's proved to provide the greatest impact on a legislative body and local media outlets that were focused on declining state revenues. Immediately following the legislation's passage, the Department of Higher Education began to re-focus on student and parent outreach and the use of the College Opportunity Fund in fixing the Colorado Paradox.

Students Come First

Excerpt taken from the Colorado State Collection editorial, April 20, 2004

[...] It's an exciting, first-of-its-kind attempt to infuse higher education with a much entrepreneurial spirit by placing the power of the purse strings directly in the hands of students, instead of institutions. Should it become law, eligible college students will be able to become vouchers carrying sumo-sized empowerment to shop around for the best educational value they can find. And colleges and universities, instead of receiving direct infusions of state money, in an arrangement that encourages abdication and complacency, will have to compete among themselves to win the new educational bang for the buck. [...]

We applaud the legislature for such a step placing Colorado on the cutting edge of education innovation, and for striving to keep the welfare of students as the fiscal focus of public education, rather than the cost and feeding of big institutions and entrenched interest groups.^{xxxiii}

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Breakthrough Solution #7: Create Results-Based Accrediting Alternatives

The Goal

Breakthrough Solution #7 promotes alternatives to the current, largely input-based and institution-dominated accrediting process. The first alternative, to allow competition among accrediting agencies in the state of Texas, has already been passed by the Texas Higher Education Coordinating Board (THECB). The second alternative is for Texas colleges and universities to support the creation of a new results-based national accrediting agency.

The Texas Higher Education Coordinating Board recently approved new rules that will allow all accrediting bodies recognized by the U.S. Department of Education, not just the Southern Association of Colleges and Schools (SACS), to be allowed to accredit colleges in Texas. The rules also established an alternative path to receive state certification to operate a college or university in Texas. These reforms open the door for new entrants into the higher education marketplace, which will both expand access and opportunities for Texas students as well as provide more competition among higher-education institutions.

At the national level, a new national accrediting agency needs to be established to pilot an outcomes-based accreditation model. Similar to how the Federal Trade Commission and the Securities & Exchange Commission approach regulation, this model would not focus on inputs or processes as much as outcomes by requiring full disclosure of promises to students and results achieved. By participating in this pilot while still remaining under SACS accreditation, Texas universities would be able to demonstrate the benefits of a new, results-based accrediting model.

Notes

Carrying Out the Reform

Texas universities will participate in a pilot of outcomes-based accreditation undertaken by a new national accrediting agency.

1. Establish an SEC-type model for accreditation.

If a company in America wants to do an initial public

offering and list its shares, the Securities and Exchange Commission requires lots of public disclosure about the firm and its finances. The SEC does not pre-approve this information but requires the company's officers to certify that it is accurate (and have an outside auditor do so as well). The SEC lets people who buy and sell stocks judge a company's performance. Only if there is suspected fraud does the SEC (and as we have seen in recent years, state attorney generals and U.S. attorneys) investigate and prosecute. This approach to regulation has been a successful cornerstone of public securities markets for decades.

A similar approach can be taken to accreditation. Colleges and universities would disclose prominently to students the promises they make about their academic program, qualifications of faculty, costs and other critical factors. The colleges and universities would have to disclose how they measure results toward meeting these promises, have these results audited by independent third-parties, and then let students and parents – the market – decide if a college or university is worthwhile. Prosecutors would pursue cases where fraud may occur.

2. *This outcomes-based approach focuses on results, not the inputs and processes.*

Unlike current accrediting agencies, which are dominated by representatives of the colleges and universities they accredit – and hence focus more on inputs like how many volumes are in the library and processes like how many faculty committees there are rather than holding institutions accountable for results – this new approach relies on self-reporting and independent outside auditors to measure results. This approach would bring greater transparency, accountability, and comparison between institutions to the accreditation process.

3. *Texas universities could participate in a pilot while staying under SACS accreditation.*

Texas universities could lead the nation in accreditation reform by agreeing to join a new national accrediting agency. While still remaining under the SACS accreditation process, as part of a pilot program of the new national accrediting agency, Texas colleges and universities

would make clear promises to students and measure the results. This would allow a new outcomes-based accreditation model and agency to get established, off the ground and tested with little risk to Texas universities.

Notes

Possible Objections

1. *Why join a new accrediting agency if we are already accredited by SACS? Isn't that duplicative?*

Unfortunately, SACS and most regional accrediting agencies have proven reluctant to reform and create outcomes-based models for quality assurance. Only a new agency not beholden to and dominated by institutions will be able to provide a better model – but it will need university participation to prove the model. While operating under two accrediting agencies may for a time be duplicative, the long-term benefit for universities (in terms of cost and time saved that is currently spent on accreditation reviews that have little to do with results) are huge.

2. *Won't this just encourage diploma mills?*

At too many *accredited* colleges and universities today, learning outcomes are unclear. In fact, tests and studies of graduates from many of the most prestigious institutions in the country have found in some cases a *decrease* in knowledge between the freshman and senior years. This lack of clarity around value-added is why there is tremendous pressure from Congress, the U.S. Secretary of Education, employers and others for reform of accreditation.

A system that requires the explicit statement of what value added will be provided and how results will be measured – and then audited by an independent third-party – provides much greater transparency to determine institution quality. This transparency will make it more difficult for fraud (diploma mills) to go undetected.

Policy Perspective

What the Securities & Exchange Commission Can Teach Us About College Accreditation

by Rick O'Donnell
Senior Research Fellow

This paper is the 6th in a series on the state of higher education in Texas.

RECOMMENDATIONS

Create a new, alternative path to college accreditation.

Components would include:

- complete public disclosure of tuition and fees, graduation rates, faculty qualifications and the refund policy;
- self-certification that the data has been disclosed and externally-validated;
- consumer protection through a surety bond to refund tuition and fees; and
- less regulation with audits and prosecution based off of complaints and fraud.

ACCREDITATION'S SHORTCOMINGS

It is more difficult to open a private college or career school in Texas than it is for a doctor to open a medical clinic, a principal to open a private elementary school, or a company to sell its stock to the public. Yet few would argue that medical care, the education of children, or protecting investors is any less important than ensuring a quality higher education. So why does Texas have such a costly bureaucratic regulatory approach to its private higher education institutions?

To receive state approval or accreditation to open and operate a private degree-granting college or university in Texas requires the prior approval of the Texas Higher Education Coordinating Board. To open a private career school (be it for barber or auto mechanic school) requires the prior approval of the Texas Workforce Commission.

Obtaining this prior approval is not easy. Both agencies have dozens of pages of rules and regulations that specify everything from the qualifications of the administration, faculty and teachers, to the composition and duties of the governing board, to details on the curriculum, the library, and the operation of branch campuses. These are largely process-oriented and input measures with little focus on the actual outcome of student learning.

It would be as if, when J.D. Powers & Associates rates the quality of automobiles, rather than focusing on comfort, how the car handles, accelerates, and protects passengers in an accident, it wanted to know who was on

the board of General Motors, the location of Toyota's manufacturing plants and the qualifications of BMW's assembly-line workers.

This heavy-handed, micro-managing approach to accrediting colleges creates problems in Texas and across the country. The U.S. Secretary of Education's Commission on the Future of Higher Education recently reported:

Accreditation, the large and complex public-private system of federal, state and private regulators, has significant shortcomings. Accreditation agencies play a gatekeeper role...

Federal and state policymakers should relieve the regulatory burden on colleges and universities by undertaking a review of the hundreds of regulations with which institutions must comply and recommend how they might be streamlined or eliminated.³

Building on reforms already occurring in other states, Texas has an opportunity to create a new, alternative path to accreditation for its colleges that accomplishes the goals and recommendations of the Secretary's Commission for reforming accreditation:

"(i) allow comparisons among institutions regarding learning outcomes and other performance measures, (ii) encourage innovation and continuous improvement, and (iii) require institutions and programs to move toward world-class quality relative to specific missions and report measurable progress in relationship to their national and international peers."

THE FTC AND SEC APPROACH

Many important industries affecting the education and health of Texans do a fine job with much less bureaucratic hassle than Texas colleges. For example:

Texas does not require a physician opening a doctor's office to get pre-approval for the number of exam rooms, nurses, and administrative staff employed, how many patients will be seen, and the billing processes for patients. Physicians are required to report certain infectious diseases they diagnose. Private sector organizations including health insurers are increasingly rating the quality of physicians and posting that information on the Internet to help consumers choose. Yes, physicians and nurses are licensed, but Texas regulators only investigate physician malpractice and problems at a doctor's office if there is a complaint.

Private and parochial K-12 schools require little pre-approval to open and operate in Texas. Beyond basic building codes and, if they are going to have a cafeteria, certain food-safety regulations, there are few other requirements a private K-12 school must meet to operate. There is no regulation of the curriculum or teacher qualifications or how many resources are available in the library—and these private schools successfully educate more than a quarter million Texas children each year.

It is nonsensical that colleges—educating adults—face more hurdles to operate than a doctor's office treating patients or a K-12 school educating young children.

This alternative process would involve the full disclosure of the important information a student or parent will need to reasonably judge whether to attend a particular school, certification that the information is accurate

and true, and give the Texas Attorney General authority to prosecute anyone defrauding students.

This is a tried and true approach to regulating industries in America. For example:

The Federal Trade Commission (FTC) does not require companies to submit in advance detailed information about their television ads, the energy efficiency of their appliances, or the type of fabric used in clothes. The FTC does require companies to fully disclose and label such things as energy efficiency or if a shirt is made of cotton or polyester and then let consumers use the information to decide whether to purchase a product. Only if it receives complaints does the FTC investigate product problems or violations of truth in advertising.²

The Securities and Exchange Commission (SEC) is similar. If a company in America wants to do an initial public offering and list its shares, the SEC requires lots of public disclosure about the firm and its finances. The SEC does not pre-approve this information but requires the company's officers to certify that it is accurate (and have an outside auditor do so as well). The SEC lets people who buy and sell stocks judge a company's performance. Only if there is suspected fraud does the SEC (and as we have seen in recent years state attorney generals and U.S. attorneys) investigate and prosecute.¹

COMPONENTS OF AN SEC APPROACH

What would an FTC or SEC approach to higher education accreditation look like in Texas? It would have three key components:

Self-Certification

A college wanting to operate in Texas would submit to the Workforce Commission or Higher Education Coordinating Board

Talking Point:

It is nonsensical that colleges—educating adults—face more hurdles to operate than a doctor's office treating patients or a K-12 school educating young children.

completed checklist of all the items that they have publicly disclosed about their institution. This checklist would be signed and dated, acknowledging full compliance with disclosure requirements (including accuracy); along with an attestation statement signed by the chief executive officer or equivalent. This is much like the SEC requiring specific items be disclosed by a public company and the CEO certify that it is accurate.

What would need to be disclosed? Those items necessary for students and parents to make an informed decision and choice about an institution. Clearly, items at the heart of the student experience need to be disclosed, including:

- How do you apply?
- What are the tuition and fees?
- How many students receive financial aid?
- What courses are offered?
- Who are the faculty and what are their qualifications?
- What are the requirements to earn a certificate or degree?
- How many students graduate and in what time period?
- What type of career placement services are available?
- What is the refund policy and student rights if there is a problem with the college?

Just as important are an institution's outcomes. Financial markets want to know if a company generates cash and profits. Students and parents want to know what the college promises to deliver in terms of education—and the quality of that education. Thus the self-certification statement would need to disclose not only what the institution promises it will deliver, but also how they evaluate their effectiveness in achieving desired outcomes. The statement would also include, where applicable, student outcome data such as graduation rate, post-graduate

employment data, post-graduate scores on regulatory, licensure or other external exams, and results from post-graduate and/or employer satisfaction surveys.

Additionally, much like the SEC requires an independent audit of a company, the institution would have to disclose who conducted the assessments of student outcomes and that they are externally-validated, reliable and comparable with other institutions or programs of the same type.

With complete disclosure, students and parents—in addition to third party rating organizations such as *U.S. News and World Report* and regional accrediting bodies—would be able to determine what the college promises and if it delivers on its promise.⁴

Consumer Protection Bond

When a college submits a certification of disclosure statement, it would also submit a surety bond. This bond would need to be adequate to provide refunds to students for any prepaid tuition or fees should the college go bankrupt, cease operations or for some reason be unable to educate students. The bond would be recalculated annually based upon a reasonable estimate of the maximum prepaid, unearned tuition and fees received by the school the year. The bond serves to provide additional insurance on top of full disclosure, which is especially important for new colleges without a long track record for students and parents to judge. Colleges could be exempt from posting a bond if they can demonstrate a high score on the U.S. Department of Education's measurement of financial responsibility.

Audit and Prosecution

The Workforce Commission and Higher Education Coordinating Board would have the power to audit an institution's disclosure statements if there were certain triggers, such as complaints about inaccuracies. If they

Talking Point:

With complete disclosure, students and parents—let alone third party rating organizations—would be able to determine what the college promises and if it delivers on its promise.

find incomplete or false information, they can demand remediation and/or shut down a school. Additionally, the Texas Attorney General will be empowered to prosecute fraud by any college.

BENEFITS

By creating this alternative and optional accreditation process, Texas would reap many benefits, including:

- Saving colleges and regulators time and money by avoiding the lengthy and costly application process.
- Creating incentives for new colleges and more educational opportunity as entrepreneurs respond to the reduced barriers to entry.
- Utilizing a more flexible college-centered process rather than one imposed by regulators from above.
- Allowing more robust disclosure in the three areas of quality:
 - Assets (quality of faculty, learning resources, student body demographics),
 - Process (what are the specific learning/curriculum objectives, what is the tuition refund policy, how are student records maintained), and
 - Outcomes (what have you promised and delivered and how do you know).
- Providing greater transparency, accountability, and comparison between schools.
- Protecting students from fraud or mismanagement;
- Evaluating institutions by students and parents rather than regulators; and
- Fostering innovation by allowing those who want to prove their ability to educate students more effectively and efficiently the opportunity to do so.

HAS THIS BEEN DONE BEFORE?

Texas would lead the nation if it were to adopt an SEC-like option for all of its colleges by building on the work of other states, including Virginia and Colorado. In 2002-2003, Virginia replaced its prior approval process with a certification process for private and out-of-state post-secondary institutions. As part of this self-certification process, Virginia requires the posting of a bond. Colorado also requires its occupational career schools to post a bond.⁵ ★

ENDNOTES

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² For an example of the FTC's approach to disclosure, see "Dot Com Disclosures," FTC Consumer Alert, <http://www.ftc.gov/bcp/online/pubs/iuspubs/dotcom/#ll>.

³ For more background on the SEC's approach to regulation, see "Regulation in a Global Environment," Speech by Alan L. Beller, Director, Division of Corporation Finance, U.S. Securities and Exchange Commission, American Academy in Berlin, Berlin, Germany, April 20, 2004.

⁴ The disclosure statement would need to cover several additional areas to comply with federal law for institutions receiving Title IV financial aid funding. These disclosure items can basically be broken down into: Institutional Description; Student Profile; Recruitment, Admissions, Courses & Student Complaints; Student Records; Curriculum, Total Credits, General Education, Satisfactory Progress, Institutional Effectiveness and Systematic Program of Review; Faculty Qualifications; Management, Financial Capacity and Information Sharing; and, Learning Resources.

⁵ Virginia's regulations associated with approval of private and out of state institutions are available at [http://www.schev.edu/Admin/faculty/forms/Approval/final regs 8-24-06.pdf](http://www.schev.edu/Admin/faculty/forms/Approval/final%20regs%208-24-06.pdf). The regulations for Colorado's career school bonds are available at <http://www.state.co.us/rche/qpois/regulations/rules.pdf>.

About the Author

Rick O'Donnell is founding president of The Fund for Colorado's Future, a nonprofit charity that identifies policies and implements proven practices to boost student achievement in low-performing K-12 public schools.

Mr. O'Donnell previously served as executive director of the Colorado Department of Higher Education, overseeing all 29 public institutions of higher education in the Colorado that cumulatively enroll nearly 270,000 students. His accomplishments include implementing the nation's first taxpayer voucher funding of higher education, establishing the nation's leading performance accountability contracts for colleges and universities, and launching the largest effort in state history to expand college access for under-served and under-represented students.

Mr. O'Donnell served as Executive Director of the Colorado Department of Regulatory Agencies, where he oversaw more than 500,000 licensed professionals and the banking, insurance, securities, telecommunications and energy industries. While at the Department, one of his leading accomplishments included the establishment of the Office of Economic Competitiveness and Regulatory Reform that helps the private sector keep track of regulations via the Internet and get involved in the regulatory process; this system is also the first of its kind in nation.

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