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RECOGNIZING THE NEED FOR REFORM

> The most likely source for needed resources is reallocation of existing resources.

American higher education has been regarded universally as the best in the world. Yet American higher education *institutions* are overwhelmed by competing demands, internal and external, that threaten the capacity of higher education to meet ever increasing expectations, including those of retaining global leadership. The contrast between internal and external pressures could not be more illustrative of the need for reform.

Internal Pressures

Internally colleges and universities are under increasing pressure to accomplish four things: increase revenues, decrease expenses, improve quality, and strengthen reputation. They have been particularly successful at raising revenues. Revenues required to fuel the collegiate enterprise have risen dramatically as campuses have tried to cover increases in enrollments, inflation, faculty salaries, additional programs and services, shrinking state budget support (in the case of public institutions), and institutional student financial aid to improve access (in the case of private institutions).

Increasing Revenues

Nearly thirty years ago, Howard Bowen observed that revenues were the economic drivers for higher education and that colleges and universities raised all the money they could and spent all the money they raised (Bowen, 1980). Nothing in the past three decades has operated to refute his observation. Higher education revenues have increased from all sources: tuition, federal, state, and local appropriations; private gifts, investment returns, and endowment income; and restricted revenues, including auxiliaries and hospitals.

But increases in tuition revenues have been the major source of additional funding for both public and private institutions. These increases have consistently exceeded the pace of inflation, a fact that rankles students, families, and policymakers alike. Colleges and universities argue that it is inappropriate to use standard measures of inflation to evaluate the growth of tuition and fees. 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. Institutions of higher education, of course, buy different things. The market basket does not contain faculty members or library books or 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 data from the American Association of University Professors (AAUP) 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 was introduced in 2004 by the State Higher Education Executive Officers 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 and 25 percent from the federal Gross Domestic Price Deflator 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 *twenty* years (Dickeson, 2006).

Revenue is also increasing through substantial and successful efforts to tap the generosity of donors. Donations to educational institutions, including colleges and universities, have increased continually, although year-to-year percentages will vary, depending upon economic conditions and donor behavior (*Giving USA*, 2008). Many institutions are undertaking capital campaigns with goals in the multiples of millions of dollars. A few high-profile campaigns now exceed a billion dollars. The development office is one of the fastest-growing departments at many institutions as the thirst for revenue continues unslaked.

Decreasing Expenses

The institutional quest to cut expenses has been less dramatic. Institutions typically attempt to make budget ends meet on the expense side by not filling positions, curtailing or deferring certain expenditures, and implementing across-the-board cuts in operating budgets for departments. These efforts are traditionally short term in nature and are designed to "get through another budget year."

Further, recent institutional spending behavior would indicate that, while students are picking up an increasing share of the cost of their education, institutions are spending less on instruction. At most types of institutions (private research universities are the exception) an increasing share of "education and related" expenses are directed toward administrative support and student services, according to the 2009 report of the Delta Project (Wellman, Desrochers, and Lenihan, 2009). This finding would suggest that institutions have not made the tough decisions about adapting to lower subsidies from traditional sources but instead are using tuition increases primarily to shift revenues.

By contrast, several current practices have made some inroads into needed collegiate cost containment. Benchmarking—the practice of comparing best practices in management with one's own—has been the subject of creative effort by the National Association of College and University Business Officers (NACUBO). Working with Coopers & Lybrand, NACUBO has developed since 1991 a process of sharing information among several hundred participating institutions. A database of institutional practice permits measurement and comparison of work processes in several internal functions, activities, or operations. Such administrative activities as processing an application for admission or processing a purchase order have received sophisticated analysis for "business process reengineering" (NACUBO, 1994; Douglas, Shaw, and Shepko, 1997).

Another promising area for cost containment is privatizing, or outsourcing non-mission-critical functions of the institution, presumably at a savings. The growth of outsourcing in higher education, although it does not parallel the practice in other organizations (notably business and government), is significant. My own review of this subject revealed some twenty-three different functions that colleges and universities have outsourced to noncollegiate providers. A list of these functions, together with critical questions that institutions should answer before proceeding with outsourcing, is contained in Resource A. The extent of the privatization trend has gone beyond outsourcing and now includes both tactical and strategic alliances that hold great promise (Dickeson and Figuli, 2007).

Still another promising practice is the growing movement toward activity-based costing (ABC) in higher education. A cost accounting system that seeks to determine accurately the full costs of services and products, ABC has been applied to college settings. By identifying "activity centers," or revenue and cost units, and assigning resource costs, institutions can identify outputs or cost objects, thus more strictly connecting costs with results. This tool can be especially effective in budgeting, evaluation, reporting, and pricing decisions (Lundquist, 1996; Trussel and Bitner, 1996).

An interesting insight into the financial viability of higher education is available by reviewing the changes in college bond and other debt ratings, made periodically by the public finance departments of investors service bureaus. One typical report, by Moody's, notes that although there is a generally stable outlook for higher education, certain trends are noteworthy, among them the following:

> - For more than a decade, tuition increases have far exceeded corresponding increases in family income. The potential for future tuition increases is limited, which will reduce operating flexibility.
> - Private institutions face the challenge of spiraling financial aid costs and an increasing tendency to "buy" students through generous financial aid awards.
> - Schools are increasingly recognizing the need to control both administrative and academic costs. Only a handful, however, have actually implemented academic cost-cutting measures [Moody's, 1996, p. 1].

Benchmarking, outsourcing, and newer cost accounting techniques have proven successful for some institutions. In most cases, however, real cost-containment efforts have thus far avoided significant penetration into the sacred precincts of the academic side of the higher education enterprise.

Increasing Quality and Strengthening Reputation

Higher education's other two internal objectives—increasing quality and strengthening reputation—are perceived by campus faculty and staff not only to be at severe odds with the cost-cutting objective, but absolutely essential to the imperative to increase revenues. And it is here that the dilemma tightens. Quality in higher education has usually been measured by inputs: degrees held by the faculty, number of volumes in the library, and, today's measure, the degree of campus-wide access to the Internet. These are all costly items. Traditional definitions of reputation are harder to measure, but it is clear that colleges and universities have been adding programs, services, equipment, buildings, and public relations efforts to achieve greater reputational prominence. By so doing, they hope to attract more (and better) students, a higher-quality profile among its faculty, and the heightened interest of generous donors.

How to reconcile these competing objectives internally, in addition to the fundamental and simultaneous battle over allocation of scarce resources among the competing *purposes* of higher education—teaching, research, and service—is anomalous indeed. And then there are the external pressures.

External Pressures

Throughout most of its history, higher education in the United States has been relatively free from external pressures that would alter its vaunted independence. Reform efforts usually came from within the academy or its loyal advocates. If the recent spate of national reports and externally generated calls for action is any harbinger, however, those pressure-free days are gone forever. The late Frank Newman used to observe that higher education was attracting more outside attention because it was becoming so important. Others might argue that the financial and academic delivery model employed by colleges and universities is no longer sustainable. Still others contend that higher education, if permitted to run without apparent direction, will not yield the desired results necessary to achieve national aims.

While there are dozens of examples of this outpouring, the following major reports and calls to action are representative of this trend and received significant amounts of national attention, especially among policymakers. The reader can detect a clear pattern among the respective findings and conclusions.

The Commission on Costs

Formed by Congress as an independent advisory body, the commission expressed concern that tuition increases from 1987 to 1996 outpaced instructional costs for the same time period. The impression left with the public for this disparity was that institutions were increasingly greedy.

To deal with this and others of its concerns, the commission presented a five-part action agenda with forty-two recommendations in five areas:

1. Strengthen institutional cost control.
2. Improve market information and public accountability.
3. Deregulate higher education.
4. Rethink accreditation.
5. Enhance and simplify federal student aid.

No fewer than ten specific recommendations—more than for any other part of the national commission's action agenda—related to cutting or controlling costs in higher education. At the same time, the commission included in its final report an "unfinished agenda," which addressed the need for a more thorough analysis of academic programs, levels of instruction, faculty load distribution, and other issues that are the focus of this book (*Straight Talk About College Costs and Prices*, 1998).

Rising Above the Gathering Storm

The National Academies (Science, Engineering, and the Institute of Medicine) were asked by members of the U.S. Senate Committee on Energy and National Resources and the U.S.

House Committee on Science to identify action steps that federal policymakers could take to enhance the science and technology enterprise. The blue-ribbon committee formed for this purpose made several recommendations and suggested implementation actions, many of which addressed higher education. Among the recommendations for universities:

- Strengthen the skills of teachers through summer institutes and master's programs.
- Increase degree recipients in physical sciences, life sciences, engineering, and mathematics.
- Expand research efforts through increased grants and tax incentives (*Rising Above the Gathering Storm*, 2005).

Measuring Up Reports

The National Center for Public Policy in Higher Education has issued a series of national and state report cards on higher education that document and assess progress among five categories: preparation, participation, completion, affordability, and learning. Over the past decade, these biennial reports have chronicled a generally disappointing trend line.

Preparation: While progress has been made in several states, most high school students do not take a curriculum that prepares them for college.

Participation: The nation as a whole has made no progress in access to education and training beyond high school.

Completion: Except at the most highly selective institutions, retention and completion rates have not improved.

Affordability: Over the last decade, it has become considerably more difficult for many families to pay for college. For low-income families, this means that the cost of one year's attendance at a four-year public college or university equates, on average, to 40 percent of family income.

Another consequence is that student borrowing and the indebtedness of college graduates have increased every year.

Learning: Measuring Up Report Cards regularly give each of the fifty states a grade of "Incomplete" in learning. College learning outcomes are not consistently evaluated and compared across states (*Measuring Up*, 2000–2008).

National Commission on Accountability in Higher Education

Organized by the State Higher Education Executive Officers to consider and recommend ways of improving accountability and performance in higher education, the National Commission on Accountability in Higher Education made several recommendations that shared responsibility among key stakeholders. Among its recommendations, the following were targeted to institutions of higher education:

1. Establish institutional goals aligned with fundamental public priorities.
2. Create the conditions, including necessary incentives and management oversight, for students and faculty to meet ambitious objectives in learning, research, and service.
3. Monitor progress on specific institutional goals aligned with fundamental public priorities.
4. Establish and communicate clearly to students explicit learning goals for each academic program as well as learning goals for general education.
5. Employ internal and external assessments of learning and publicly communicate the results in order to monitor and improve performance.
6. Employ rigorous, broadly conceived standards for institutionally supported research and service.

7. Reassess institutional priorities continuously and implement strategies to increase productivity and cost-effectiveness (National Commission on Accountability in Higher Education, 2005).

Innovation America: A Compact for Postsecondary Education

The National Governors Association undertook a program to promote improvements in higher education that focused on (1) fostering student skill development; (2) producing a well-qualified teacher corps highly skilled in science, technology, engineering, and mathematics disciplines; and (3) creating new knowledge that translates into innovative products, processes, and services. To accomplish these ends a new "compact" was suggested that would operate among the states, their postsecondary institutions, and certain stakeholder groups (*Innovation America*, 2007).

The Secretary of Education's Commission on the Future of Higher Education

No external report, however, has had as far-reaching an impact as has the Spellings Commission Report. Many of its recommendations have found their way into legislation and regulation. U.S. Secretary Margaret Spellings charged her commission to study four dimensions of higher education: access, accountability, affordability, and quality. The eighteen-member commission undertook the most comprehensive examination of U.S. postsecondary education, spanning an exhaustive review of relevant research, the commissioning of issue papers, holding a series of public hearings and forums, and engaging in a year-long national dialogue to tease out findings and recommendations. Of course, there were those who had a different view of the commission's work, and questioned the combative rather than collegial approach that the commission took (NACUBO, 2008).

As a policy adviser and drafter for the commission, author of three of the issue papers, and participant in all its meetings, I can attest to the thoroughness of its approach and the spirited debate during its deliberations. The commission's findings and recommendations cover a broad range of topics that center on its charge and identify actions for policymakers at federal and state levels as well as for higher education leaders. A sampling of those recommendations that relate to the purposes of this book include the following:

- Higher education institutions should improve institutional cost management through the development of new performance benchmarks designed to measure and improve productivity and efficiency. Also, better measures of costs, beyond those designed for accounting purposes, should be provided to enable consumers and policymakers to see institutional results in the areas of academic quality, productivity, and efficiency (*A Test of Leadership,* 2006, p. 20).
- Higher education institutions should measure student learning using quality-assessment data from instruments such as, for example, the College Learning Assessment, which measures the growth of student learning taking place in colleges, and the Measure of Academic Proficiency and Progress, which is designed to assess general education outcomes for undergraduates in order to improve the quality of instruction and learning (p. 24).
- The results of student learning assessments, including value-added measurements that indicate how students' skills have improved over time, should be made available to students and reported in the aggregate publicly. Higher education institutions should make aggregate summary results of all postsecondary learning measures, such as test scores, certification and licensure attainment, time to degree, graduation rates, and other relevant measures, publicly

available in a consumer-friendly form as a condition of accreditation (p. 24).

- Institutions should harness the power of information technology by sharing educational resources among institutions and use distance learning to meet the educational needs of rural students and adult learners and to enhance workforce development. Effective use of information technology can improve student learning, reduce instructional costs, and meet critical workforce needs. We urge states and institutions to establish course redesign programs using technology-based, learner-centered principles drawing upon the innovative work already being done by organizations such as the National Center for Academic Transformation. Additionally, we urge institutions to explore emerging interdisciplinary fields such as services sciences, management, and engineering and to implement new models of curriculum development and delivery (pp. 25–26)

Heightened Government Expectations

Public colleges and universities have always been the subjects of legislative and executive oversight as the states routinely probe the activities and expenditures of its governing boards and institutions. What the last half-century has wrought, however, are the increasing demands made by the federal government for information, compliance, and action. The reasons for this expanded interest are clear enough. The federal government now invests over $111 billion a year in American higher education and has some expectation that these dollars will be well and properly spent.

International comparisons that reveal America's vaunted higher education position among industrialized nations may have slipped are cause for concern. National reports that college graduates are faring worse on measures of prose literacy and document literacy raise legitimate questions about quality. In its most fundamental form, the basic public policy question is reduced to: What are we getting for our money? The question is made more poignant when one assesses the nation's future in an increasingly global economy where success will be measured in brainpower as well as financial capital.

For over forty years, since the enactment of the first Higher Education Act, colleges and universities have been pressing for more and more federal support—for Pell Grant increases to keep up with the purchasing power necessary to afford ever-increasing tuition; for grants for research, equipment, and buildings; for guaranteed loans to students and their families; and for earmarks for pet projects. It is somewhat disingenuous for higher education to ask for—and receive—billions of federal dollars without expecting concomitant strings, conditions, reporting requirements, and other forms of accountability that inevitably accompany appropriations.

The 2008 Reauthorization

In 2008 Congress passed and the President signed into law the Higher Education Opportunity Act. This reauthorization took the longest time to complete (nearly six years), involved three Congresses, and required fourteen extensions before final action. Ironically, the reauthorization took this inordinate amount of time because higher education was seen as a relatively low federal priority; yet when it was completed, it imposed the most intrusive inroads into higher education affairs in the law's forty-three-year history.

The mood of Congress, as reflected in the new provisions of the reauthorization, was to shift oversight of higher education from self-regulation to federal regulation. In addition to a significant increase in institutional reporting requirements (which will add to the costs of higher education), the law now places the federal government as arbiter in several key areas formerly viewed as within the exclusive province of accrediting organizations or institutions. As Judith Eaton has reported,

> . . . [There are] alterations in federal language addressing (1) student achievement, (2) appointments of the national advisory committee, (3) due process associated with accreditor review and appeals procedures, (4) institutional mission, (5) distance education, (6) transfer of credit, (7) monitoring of enrollment growth, (8) information to the public, and (9) religious mission (Eaton, 2008, p. 2).

In sum, the new law imposes monitoring and reporting requirements in areas which heretofore have been solely accreditation or institutional matters. The specifics of implementation will unfold as the Department of Education and the higher education community wrestle with negotiating rules and regulations.

Some observers argue that, despite numerous warnings to reform its shortcomings, higher education ignored these signals, to its peril. Others are content to accept the law's new intrusions by comparing the results of the legislation with language in earlier, more onerous drafts and conclude that it could have been worse.

Notwithstanding these views, it should be clear to the higher education community that new expectations for quality assurance, accountability, and productivity are changing the sense of relative independence higher education has enjoyed. Actions are therefore necessary, if for no other reason than to forestall future federal intrusion that may have even more deleterious effects.

With the election of a new president in 2008, and a set of heightened expectations for higher education (doubling the number of graduates, increasing support for community colleges, as examples), the role of the federal government in higher education affairs expands apace.

The Case for Reform

Thus, from forces both internal and external to higher education comes the clear and compelling message: *there is a fundamental need to reform.* The status quo is unacceptable. The efforts of the past, however well intentioned, have been insufficient because they have focused for the most part solely on the nonacademic portion of the higher education enterprise.

This book is based on seven postulates:

1. Academic programs (such as degrees offered) are not only the heart of the collegiate institution; they constitute the real drivers of cost for the entire enterprise, academic and nonacademic.
2. Academic programs have been permitted to grow, and in some cases calcify, on the institutional body without critical regard to their relative worth.
3. Most institutions are unrealistically striving to be all things to all people in their quest for students, reputation, and support rather than focusing their resources on the mission and programs that they can accomplish with distinction.
4. There is growing incongruence between the academic programs offered and the resources required to mount them with quality, and most institutions are thus overprogrammed for their available resources.
5. Traditional approaches, like across-the-board cuts, tend toward mediocrity for all programs.
6. The most likely source for needed resources is reallocation of existing resources, from weakest to strongest programs.
7. Reallocation cannot be appropriately accomplished without rigorous, effective, and academically responsible prioritization.

If these postulates are well-founded, then prioritization is a necessary process to accomplish reform. Fundamental to an understanding of the need for prioritization, however, is an equally clear understanding of the barriers to prioritization.

Academic programs—and the capital and services required to mount them—constitute the overwhelming majority of current funds expenditures at any college or university. In addition to instructional costs (ranging from 28 to 33 percent, the most sizable single expenditure for all types of institutions), other expenditure categories, such as academic support (6.6 to 8.5 percent), research (10.5 to 11.6 percent), and public service (1.8 to 4.4 percent), also flow directly from the academic programs offered by a collegiate institution (U.S. Department of Education, 2007). Other institutional expenses (institutional support and plant and maintenance, for example) are indirectly affected by academic offerings. Yet a careful examination of this highly important area of the budget has been obscured or, at worst, prevented, for several reasons.

Overblown Marketing

First, institutions' own marketing efforts to induce students to enroll have driven the accretion of academic offerings for several years. Colleges, in a quest to beat the competition, claim in their Web pages, viewbooks, and catalogues that the institution offers a "program"—whether a full-blown degree, a minor, an emphasis area, or even a course or two—in some new specialty designed to attract students. This pattern of outbidding the competition academically is both costly, because new faculty, library holdings and equipment, or support services may accompany the addition, as well as usually futile. As Alexander Astin at UCLA has pointed out for over thirty years now, incoming freshmen are much more concerned about other institutional characteristics—"very good academic reputation," "graduates get good jobs," "size of college," "offered financial assistance," to name the top four—than they are about the specific academic specialty available (Astin, 1998; UCLA, 2008). As everyone who has counseled incoming freshmen knows, most newcomers are undecided about a college major, and of those who think they know, most change their minds—and majors—within the first two years.

Yet the pressure to add choices to the academic menu continues on the misassumption that students will be magnetically attracted to the campus by new program offerings and will somehow disregard the other, more salient reasons for choosing a college. The plain truth is that for the most part, adding academic programs results in a substantial *diminution of resources for existing programs* and has very little to do with attracting students, particularly at the freshman level.

Institutions add programs in part because of a genuine desire to be of service. Higher education has become a market-driven enterprise, where the consumer is sovereign. Growth of academic programs is understandable. Higher education is in high demand. And demand can be expressed in ways that cause institutions, eager to survive and to flourish, to respond. What often results is a lack of focus.

Nonacademic programs proliferate as well. Today's students bring to the campus expectations for services and amenities that more nearly resemble resort-like, not monastic, lifestyles. The institutional criticism—of trying to be all things to all people—resonates on many campuses nationally.

Runaway Specialization

Academic programs also burgeon because of the specialized interests of the faculty. Individuals who come to the professoriate bring distinctive interests and academic preferences with them. One may be hired to teach Freshman English, but it is Austronesian and Papuan languages that ignite the scholarly imagination. Within every academic department debates rage about adding new courses that will fulfill the needs of individual faculty members who want to teach them. In large part, this is how curriculum develops. New concepts, new ancillary but related fields, and new interdisciplinary twists all arise and confront traditional approaches. The fund of knowledge is growing exponentially, and with it come new subjects for legitimate inquiry and new challenges to the existing phyla of a discipline's offerings. Academic disciplines do not sit still. Perhaps new faculty members have been promised, as a part of the hiring process, new courses to fit their specialties.

Once colleges shifted historically from a curriculum composed solely of required courses in favor of adding more and more electives, the accretion exploded. Department meetings on curriculum often represent power struggles among members; voting blocs form around various and sundry causes—occasionally academic—and courses may be ushered into the curriculum for internal political reasons. Mutual back-scratching feels good to all legislative bodies. New courses are often sold internally to campuswide curriculum committees, which hold sway on these matters, as pilot or experimental courses. Nobody can be against giving the new course on Esoterica 101 a chance. "If you build it, will the students come?" The notion is to try it to see what happens. The trouble is that many college catalogues resemble stables containing hobbyhorses of battles past. This curriculum creep is, unfortunately, only incremental, not decremental. There are precious few internal processes to handle the elimination of courses that no longer make sense or meet student needs.

Unhealthy Internal Competition

Curriculum creep thus leads to program creep. In an era of tight resources, scarcity results in intense competition. Academic departments vie for resources—faculty lines; classroom, laboratory, and office space; equipment; and travel dollars—and compete with colleague departments as both functional and allocational rivals. When resources are limited, collaborative efforts across departments suffer. Interdisciplinary initiatives suffer. Collegiality suffers. Departments become fiefdoms, unwilling to cede credits, programs, or the precious coin of the realm, the student FTE (full-time equivalent). (If one full-time student takes fifteen credits per term, that is somehow "equivalent" to five students taking three credits per term. This concept, a triumph of mathematics over common sense, is misused and abused on almost all college campuses. It is an example of our desire to measure things that are easy to measure rather than things that are appropriate to measure.) Balkanization of the academy results.

Program creep is not unakin to *mission creep*. As institutions take on more and more programs, attempting to meet more and more demands, aspirations sometimes overtake reality. With just a few more programs, two-year colleges could become four-year colleges. With just a few more graduate programs, teaching institutions could become regional or possibly research institutions. This quest for more status and prestige is seen as helping improve an institution's relative position in the academic food chain. A recently published job description for a public university presidency included the declared institutional aspiration to move up the Carnegie classification food chain. In any given year, a collegiate athletic program at the NCAA Division II level will toy with the aspirational (and costly) notion of moving to Division I, even though the school cannot afford it. The same phenomenon prevails in academic affairs. Faculty in a department offering a baccalaureate in a particular field lust after the offering of a more prestigious—and expensive—master's degree.

Growth is the operational paradigm for higher education. Institutional presidents are greeted by—and indeed greet each other with—the questions: "How's your enrollment? Did it grow?" Growth of enrollment means growth in revenues. Growth in revenues often leads to growth in programs. Program proliferation feeds the institution's appetite for growth in aspiration. And institutions, overly programmed for their resources, raise prices to satiate the appetites.

Accrediting agencies are finally catching on to the problem, as well. A typical recommendation from a regional accreditation report notes that the university is seriously underfunded in relation to its programmatic obligations and requires creative internal reallocations to solve its problems.

Following the Money

Overprogramming may also result from the beneficence of others. Institutions, public as well as private, have become increasingly sophisticated in their fundraising abilities to generate major gifts and capital support, but the results sometimes come at a price. Campuses prefer unrestricted gifts, which permit paying bills where the need is greatest. Donors, on the other hand, prefer to restrict gifts: to named scholarships, to favored programs, to sponsored research, or, in the case of extremely large gifts, to fund an entirely new program (such as a center or an institute), which becomes a continuing, and often costly, obligation of the college. The albatross may be on the endangered species list, but several can be found on some campuses.

The phenomenon of directing the mission toward available resources is synonymous with the history of American higher education. Like parched travelers on an academic desert, campus officials will change course in the direction of the divining rod toward any life-sustaining water. A typical issue of the *Chronicle of Higher Education* will report a dozen or more new academic programs being established weekly, inaugurated by gifts from well-meaning donors, foundations, and corporations. The more successful the campus is at generating such tightly restricted gifts, the more likely that its programs, expectations, and mission will proliferate.

Disconnected Planning

Still another reason for the lack of attention to academic programs is the reality that most campus strategic plans are flawed. Having reviewed hundreds of such plans, it is clear to me that less than 20 percent of them mention where the required resources are going to come from; fewer still identify "reallocation of existing resources" as a likely source to tap. Strategic plans have become purely additive: after months or years of analysis, campuses come up with unrealistic wish lists, encompassing new programs, new equipment, new buildings, new services, new faculty, new staff, and new initiatives. These plans tend to assume several things: (1) the status quo as a given, with all current programs composing the baseline, (2) all programs, goals, and objectives are to be "maintained" or "enhanced," but rarely diminished or eliminated, (3) if resources are mentioned at all, they are to be enhanced by hiking tuition, increasing enrollment, securing more appropriations or grants, or raising more money, or all of these, and (4) all planning goals are equal in weight and importance and thus lack priority. This is neither planning nor strategic.

Faculty Resistance

Finally, a serious review of academic programming is often prevented because of anticipated resistance from the faculty. Academic programs have taken on a sacrosanct aura, and the reasons for this impediment are complex and intertwined.

It is a long-standing tradition of higher education that academic programs enjoy relative independence and autonomy. It is axiomatic that a faculty, duly credentialed, is vested with the wide authority to determine what and how academic subjects are to be taught. Curricular power is not easily or readily relinquished. The culture of the academy values noninterference. The prioritization of academic programs, for example, of declaring that some programs are superior to others, is anathema to the academy.

The whole notion of prioritizing also violates the egalitarian ideology in higher education. The mantra for such ideology goes something like this: "If all programs are more or less equal, who's to judge their relative worth? I'm an expert in one discipline, and I rely on my colleague experts in other disciplines to do their work. I am just as incapable of judging the value of their work or the worth of their programs as they obviously are of judging mine. Our common mistrust of administrators to do anything right unites us in opposition to management efforts to poke around in, and likely destroy, what we've worked so hard to establish."

The principal line-item expense in academic programs is personnel costs. People. Jobs. Careers. It is small wonder that a faculty would be reluctant to take on a review that might conclude in a reduction of programs, populated by faculty. College and university faculty are usually not interchangeable, contrary to the case in elementary or even secondary education. A cut in sections of the fourth grade will find teachers willing and able to teach fifth grade. By contrast, the very academic specialization that college faculty members cherish works to their detriment when programs are cut. Institutional flexibility is limited. Although it is possible to retrain faculty in some disciplines for the purpose of internal relocation to positions where demand might be greater, the occurrence of such shifts is rare. The problem is exacerbated by overly generous tenure practices. A large number of academic departments in the nation are "tenured up," where past tenure practice has filled every available personnel slot with a tenured faculty member, thus limiting flexibility in reducing positions. Additional pressures come from legal challenges to mandatory retirement policies. Faced with reducing costs in a labor-intensive enterprise like higher education and confronted by the extraordinary reluctance to remove tenured faculty, many institutions feel hamstrung in their efforts to get control.

Nor are egalitarianism or job security imperatives the sole barriers to change. Most faculty feel an intense sense of stewardship for their programs. Some programs have been around for decades. Faculty rightly feel they are responsible for the continuity and stability of a program that they inherited from academic predecessors, on whose intellectual shoulders current faculty stand. Graduates of the program, as well as its current students, have vested interests in seeing that programs thrive. Many programs have other relationships—with community or national groups, for example—that are difficult, if not impossible, to slough off.

Reconciling Competing Demands

And yet despite the obstacles, change must occur. Colleges and universities have evolved to the point where the bloated curriculum is receiving inadequate resources to accomplish its purposes. I have yet to hear a department head or dean among the several hundred I have met over the years who feels her or his programs are adequately funded. Most academic programs are seriously undernourished. Keeping up with qualified faculty and adequate support staff is difficult. It is nearly impossible to provide equipment necessary to mount the program in a respectable way, particularly in an age of rapid technological transformation. Conducting programs in facilities that are in their worst shape in American history is ludicrous. *The price for academic program bloat for all is impoverishment of each.*

It is time to recognize that colleges and universities must get a better handle on expenses. To date, most of the effort has been to (1) focus on the administrative, nonacademic portions of the institution, (2) defer maintenance of the physical plant to the point that recovery becomes financially unfeasible, (3) ignore the academic program side as too politically volatile to touch, and (4) make necessary budget cuts across the board so that all programs suffer equally (egalitarianism, again), which is politically expedient on campus but academically repugnant.

The inescapable truth is that not all programs are equal. Some are more efficient. Some are more effective. Some are more central to the mission of the institution. And yet insufficient effort has gone into forthrightly addressing and acting on the efficiency, effectiveness, and essentiality of academic programs.

The imperative for American higher education is to undertake a program-by-program review of all academic offerings and to do so simultaneously, since all such offerings feed at the resources trough simultaneously. Programs should be measured with an eye toward their relative value, so that reallocation can be facilitated. Because the most likely source of resources is the reallocation of existing resources, and because much of the institution's very being is at stake, the process for accomplishing prioritization must be academically responsible and honorable. This is no time for campus politics as usual.

What will also be required is an institutional culture concerned enough about its future that it exhibits the will to act. Understanding the culture, acting on the challenge to improve the institution, and empowering all stakeholders to participate fully in such a transformation will require leadership. Without effective leadership, there is no likelihood that the institution's best efforts will be motivated or inspired.