The State of Liberal Arts Colleges

Clark Kerr, one of the most influential educational leaders of the 20th century, was fond of reminding audiences (slide #1) that when the Lutheran Church was founded in 1530, some 66 institutions existed then that still exist today. Among them, he would mention the Catholic Church, the Parliaments of Iceland and the Isle of Man, and 62 universities. “They have experienced wars, revolutions, and industrial transformations,” Kerr would note, “and have come out less changed than almost any other segment of our society.” You can make several observations from Kerr’s comment—on the one hand, this kind of resilience is a good thing, especially when it comes to colleges and universities’ basic educational mission; but on the other hand, change does not come easily.

As trustees, you are focused in laser-like fashion, on Colby’s most pressing strategic challenges—volatile financial conditions with pressures on costs and revenues that threaten the sustainability of your financial model; more families needing financial aid and many families requiring increases in aid; changing demographics for domestic students and the international recruitment of more high-achieving, lower-need students; the expansion and transformation of knowledge, information, teaching, learning, and research due to technology; the need for intellectual agility with the expansion of problem-based and interdisciplinary teaching, learning, and research; students coming to college with not only great talent but also appreciably different preparations; the social and global need for creative and ethical leaders who can develop diverse, inclusive, and sustainable communities and organizations; and harsh, market-driven domestic critiques of a liberal arts education, even as international interest grows in countries like China and India.
I am going to sketch in very broad strokes some of the major changes in postwar American higher education. I want to raise some questions about our current system of near universal access, the composition of the professoriate, the decline of educational attainment, the growth of the for-profit sector, and the impact of these influences on undergraduate education. The heart of my remarks will focus on the economic, demographic, and technological challenges facing liberal arts colleges, why we have entered a period of significant transition (if not a turning point) and, especially, the possibilities for more intensive collaboration within the sector and with research universities.

The American higher education system is arguably the most successful educational system in the world (slide #2). The nation’s approximately 4,500 accredited institutions enroll over 18 million students, approximately 15 million undergraduates, of whom over 11 million are full-time students. To call American higher education a “system” may sound like a term of art, a stark contrast with other nations’ more centralized systems, but America’s diverse composition of public and private, two-and-four-year, religious and secular, non-profit and for-profit institutions has enabled this country to move with remarkable speed from an elite system of very modest college-going on the eve of World War II, when fewer than 10 percent of high school graduates attended college, to a mid-20th century mass participation stage when over 50 percent of the 18-24-year-old population attended, to today’s nearly universal system of access.\(^1\)

Sixty years ago the nation’s private and public higher education sectors enjoyed an almost even split of undergraduate enrollment. As you can see, by 1980, 78 percent of the nation’s students were attending public colleges and universities—42 percent at four-year institutions, 36 percent at two-year colleges—and the distribution within the public sector had undergone its own significant change. In 1960, 50 percent of public enrollments were
concentrated in flagship universities (and other graduate-level institutions). Within 20 years, 75 percent of public-sector enrollments were based in open-admission community colleges and in less selective comprehensive institutions.²

One of the most important developments to emerge from higher education’s postwar expansion has been the shift of time, resources, and rewards from undergraduate education to graduate and professional training, and the growing specialization and importance of faculty research in the missions of public universities. These developments raise a fundamental question of whether flagship public universities give a high enough priority to the issue of successful degree completion for the under-graduate students they enroll.³

Sadly, this is happening at a time when the rate of increase of educational attainment in the U.S. has slowed to a virtual halt—right now it stands at just above a high school diploma. Current college-completion rates rank the United States 12th among 36 developed nations and the disparities in bachelor’s degree completion rates by socio-economic status, race, and ethnicity have continued and in some cases worsened. The source of the problem is that college attendance rates over the past 30 years are stratified by parental income, as is clearly indicated in this next slide (#3).

While almost 70 percent of high school graduates enroll in college within two years of graduating, only about 57 percent of students who enroll in a bachelor’s degree program graduate within six years, and fewer than 25 percent of students who begin at a community college graduate with an associate’s degree within three years. Of course, the potential college-going groups in our population that are growing the most rapidly are precisely those that have historically been under-represented in higher education—only 30 percent of African Americans
ages 25-34, and less than 20 percent of Latinos in that age group, have an associate’s degree or higher.

The odds of taking the SAT (slide #4) and scoring over 1200 on the verbal and math sections are roughly six times higher for students from the top income quartile than for students from the bottom-income quartile; and these odds are roughly seven times higher for students from the top income quartile than for students who are from the bottom income quartile and are also the first in their families to attend college.

**Next Slide (#5):** The gradual shift in the use of “contingent” faculty represents another troubling development for higher education. In 1975 tenure-track or tenured faculty members represented 57 percent of the professoriate; by 2007 that percentage had dropped to approximately 31 percent. The concomitant growth of contingent faculty rose from 43 percent of the professoriate in 1975 to almost 70 percent by 2007.4

Most liberal arts colleges have remained relatively insulated from the growth of contingent faculty; and it is important to note that institutions with the highest percentage of full-time faculty members consistently demonstrate higher rates of student persistence and degree completion. This is good news for liberal arts colleges but the situation is complicated by the growing degree of specialization that continues to transform faculty members’ lives.

One of the most noteworthy changes involves the use of faculty time. At liberal arts colleges with strong expectations for faculty research, scholarship and professional engagement, teaching loads have fallen: from six courses to five, from five to four and occasionally, down to two and three courses an academic year. While these reductions have much to do with enabling faculty to focus more energy and attention on their students, including opportunities for collaborative research and internships, reduced teaching loads also reflect an increasingly high
bar for scholarly and creative activity that closely follows the research university model. Whether or not the model of the “research liberal arts college” can or should be sustained at current levels of investment is a “third-rail” question that most national liberal arts colleges are being forced to address.

Liberal arts colleges are also battling another potentially corrosive trend. Thirty years ago, the loyalties of faculty members at most colleges were still focused primarily on the institutions at which they taught. Today, such loyalties may be limited to one’s department or, more likely, to one’s discipline, and the notion of campus citizenship is often described as if it was a precious throw-back to a golden age.

So, at a time when liberal arts colleges are dismissed as the home of an academic and financial elite, and when state governments are slashing public university budgets, cutting enrollments, reducing course offerings, curtailing student services, making it difficult for students to graduate in a timely manner, it is understandable why the fastest growing area in higher education is the for-profit sector.

In 1980 fewer than 100,000 students attended for-profit institutions. Most were working-class adults seeking diplomas and certificates in cosmetology, secretarial, food and health services. Today private equity firms have transformed the giant publicly traded companies that control the for-profit industry. The Apollo Group, which operates the University of Phoenix, and the Washington Post Company, which owns Kaplan University, control 40 percent of the for-profit market and offer associate, bachelor’s and professional degrees. The percentage of full-time undergraduates enrolled in degree programs at the University of Phoenix, Kaplan and DeVry Universities represents almost 10 percent of all undergraduates. Phoenix, which started in 1995 with 25,000 students, is now the second largest higher education system in
the country with over 455,000 students, most working online but with face-to-face contact at 200 campuses in 39 states; Phoenix has more undergraduates enrolled than all of the Big Ten universities combined and ranks behind only the SUNY system.\(^5\)

Much has been written about the unscrupulous business practices, questionable recruiting tactics, and absence of meaningful interpersonal interactions between students and faculty, and the “worthless diplomas” that characterize elements of the for-profit sector. Most recently, we’ve read about institutions that are aggressively targeting returning veterans without regard to their educational outcomes (90-10 rule, for-profits are required to receive at least 10% of their revenue from non-federal sources in order to be eligible for federal financial aid), and we’ve heard about the efforts of some for-profit companies to “buy accreditation” by taking over failing non-profit institutions.

What we know for a fact is that for-profit colleges educate about 10 percent of the nation’s undergraduates but receive close to 25 percent of all federal student-aid dollars. This past year the University of Phoenix took in $1 billion from Pell Grants along with $4 billion from federal loans, making it the single largest recipient of federal student aid.\(^6\)

To date, a number of universities, most notably MIT and Carnegie Mellon, and including Penn State, the University of Texas and UMass, have enrolled significant numbers of undergraduates on line. Legitimate doubts remain about the level of student achievement with online courses and there is widespread skepticism among faculty whether quality courses can be delivered to the students of selective liberal arts colleges and research universities.\(^7\) Still, the recent announcement of a collaboration between MIT and Harvard to offer free online courses through EdX that will use video lessons complemented by embedded quizzes and online
laboratories raise significant questions about the future of student learning at elite colleges and universities.

I think it would be a very serious mistake to dismiss online learning and the for-profit sector as being so far removed from the goals of liberal education that we have little to learn from some of its more innovative strategies. Online learning is taking place at just about every college and university in the nation. Even traditionally taught courses now routinely utilize the tools of online learning. For example, a recent research study (ITHAKA S&R) noted that colleges and universities are already capturing lectures through video, archiving them on the Web, and making them available to students, in an asynchronous format. Homework is routinely being submitted and evaluated online. Students and faculty have embraced learning management systems to distribute digital content, access multimedia material from outside the institution, and facilitate student-to-student and faculty-to-student interaction. This growth in digital distribution of course content is routine, organic, and largely taken for granted on most campuses.

Relatively few institutions view online education primarily as a way to reduce the cost of instruction, especially for traditional students but in curricular areas, like the teaching of Arabic and Middle Eastern studies, where a liberal arts college’s lack of scale, both in terms of enrollment and faculty expertise, would be greatly enhanced through collaboration, a much more diverse curriculum could be offered.

A small number of liberal arts colleges are cautiously experimenting with hybrid courses, using face-to-face, online, and videoconferencing approaches) and foundations are watching these efforts very closely, particularly attempts to determine whether student learning outcomes
in courses in the humanities and social sciences produce anything like the successes in the STEM fields of science, technology, engineering and mathematics.

**Let’s focus now on the liberal arts college sector (slide #7).**

Liberal arts colleges remain a valued, respected, influential segment of the nation’s approximately 4,500 public and private colleges and universities. Commentators praise their single-minded focus on the education of undergraduates, particularly their investments in liberal education, in spite of pressures for more specialized curricula; and applaud their emphasis on critical thinking, oral and written communication, visual and quantitative literacy, opportunities for undergraduate research, close relationships between students and faculty, and the personal interaction and shared responsibility that are a vital part of living in a residential community. Liberal arts colleges are widely respected for their success in preparing future PhDs for careers in the sciences; for their faculties’ ability to integrate undergraduate research into the curriculum, and for the fact that their graduates have distinguished themselves in almost every field of human endeavor.

The very assets that make liberal arts colleges distinctive and effective—small size, low student-to-faculty ratio, residential campus, and rich extra-curricular programming—make the cost per student high. Without the economies of scale that enable larger universities to spread operating costs over thousands or even tens of thousands of students, even the best endowed liberal arts college depends to a considerable degree on full enrollment and on drawing a healthy percentage of students from families able to pay the full price without the assistance of financial aid. The practical result of this dependency is a form of academic and financial elitism. Economic inequality among colleges is dramatic and increasing. A small number of highly selective, high-prestige, well-endowed liberal arts colleges continue to set the bar for class size,
faculty teaching load, quality of scientific, artistic, and athletic facilities, and levels of financial aid. The fundamental dilemma facing less selective and less affluent colleges are twofold: they cannot sustain high tuition discounts or replace loans with outright grants, and fewer students are interested in a liberal arts education today.

If we look at the sector through the broadest possible lens, there is real doubt whether some colleges are capable of responding to the economic, demographic, financial and technological challenges that are transforming higher education. These challenges include the growth of non-residential ways of earning degree credits, including for-profit colleges and online education; the demand for professional and graduate education and “certification”; the explosive changes in information technology; the shifting demographics, including an increase in high school graduates from populations with traditionally lower rates of college attendance, and near-term financial concerns that focus students’ attention on career goals rather than on the long-term value of education.8

A decade ago, a commentator compared the top tier of liberal arts colleges to high-end passenger trains in the late 1940s. “They performed exceptionally well but people began to use automobiles and planes more often. Eventually, the best passenger trains suffered not just because of direct competition but because they were isolated . . . and it did not mean as much to be the best when they were almost the only trains.”9

In 1950, as you can see (SLIDE #8), approximately 40 percent of all institutions of higher education in the United States were liberal arts colleges. Following the explosive growth of the public university and community college sectors that began in the 1960s, the liberal arts college share fell to 25 percent of all institutions in 1970, and the decline in the share of student enrollments was even greater, falling from 25 percent of undergraduate enrollments in the mid-
1950s to 8 percent by the early 1970s, to between 2-3 percent of under-graduate enrollments today. The elite liberal arts colleges represent an even smaller percentage, roughly 20 percent of liberal arts college students, or about .06 percent of all undergraduate enrollments.

About a year ago, Harvard University Press published a book by Victor Ferrall, president emeritus of Beloit College, entitled *Liberal Arts at the Brink*. A better title, Ferrall mused, might have been “*Liberal Arts Colleges: Why I love them and Why They Can’t be Saved.*” Later, he admits that a somewhat more optimistic title might have been: “*Liberal Arts Colleges: Before it is too late, get your act together and make common cause to save yourselves, because no one else is going to do it.*”

Although public opinion polls continue to indicate that Americans consider higher education more essential than ever for successful careers and fulfilling lives, that belief is tempered by mounting anxiety over questions of cost. Over the past 25 years the price of a private college education has increased by approximately 440 percent—four times the increase in the consumer price index (106%) and almost three times the rise in median family income (147%). In 1980, as you can see in this slide, average private tuition was 20 percent of median family income, but it is 50 percent today; average public tuition was 4 percent of median family income in 1980 and is 11 percent today.

People want to know why colleges cannot spend less and maintain quality without raising their prices. These concerns are particularly troubling for liberal arts colleges that are so labor-intensive and whose recent enrichments of students’ educational experiences over the past thirty years—by providing more faculty, more staff, more financial aid, newer facilities, expanding curricula and more student services—have all been drivers of increasing cost and have depended, for the most part, on growing income streams from tuition, endowment income,
and fundraising—none of which are likely to be as reliable in the future, at least not at past levels. So, what is a college to do? (The usual responses—increase enrollment, reduce time-to-degree, find new revenue streams—are unlikely to produce financial equilibrium.)

Liberal arts college leaders and their boards understand competition but their organizational cultures and educational programs naturally focus inward. Until I left a college presidency and joined Mellon, I did not fully appreciate how many colleges and universities really do see themselves as “unique”—and as “truly unique” when it comes to fundable ideas. With some notable exceptions, liberal arts colleges seldom look for connections with other institutions; they feel comfortable competing for strategic advantage in terms of students, faculty, academic distinction, fundraising, and grants in the belief that all relevant expertise and experience can be found on one’s own campus. Even among the liberal arts college’s sector’s most exemplary consortia, a combination of financial and political constraints often militate against a consortium’s attainment of its full potential. This is particularly true when the stakeholders of signature programs are threatened by the prospect of cooperation.

This remarkable degree of self-absorption persists despite the fact that colleges and universities do many of the same things, especially in the realm of teaching and learning. Colleges take on self-contained and distinctive cultures so that all institutional problems are local and all the resources needed to solve them are, by definition, close at hand. Little energy or thought is given to the experience of others. Few lessons are learned that might inform or enhance the chances of success; rarely do colleges and universities build on the work of their peers, and seldom do they engage in comparative study, except when they are bench-marking their progress against one another. Not surprisingly, there is even less formal interaction between liberal arts colleges and research universities and this deeply ingrained mutual
disregard, bordering on denial, speaks volumes about the organizational limitations of our highly compartmentalized higher education system.

(NEXT SLIDE# 12) One positive outcome of the great recession is that collaboration has emerged as a more attractive proposition, not only among the growing number of regional consortia with whom we work, but also among a range of institutions that recognize the benefits and necessity of academic and administrative cooperation. Most college and university presidents do not approach foundations with inter-institutional cooperation at the top of their wish lists. There are good reasons why college presidents respond politely, cautiously, and (usually) unenthusiastically to such calls. Collaboration is hard work; it is time-consuming, structurally complicated, potentially distracting, politically fractious, and even when it works, faculty members remain skeptical. As the philanthropic supporters of higher education, particularly national foundations, drop by the wayside, liberal arts colleges, including the most influential and well endowed, must change their organizational habits. They must learn how to look beyond their individual campuses and adopt an intentionally collaborative approach.

For years, a variety of consortia, those formally incorporated such as Five Colleges, Inc. (Amherst, Hampshire, Mount Holyoke, Smith, and the University of Massachusetts), the Claremont University Consortium (Claremont McKenna, Pitzer, Pomona, Scripps, Claremont Graduate University and the Keck Graduate Institute of Applied Sciences), Five Colleges of Ohio (College of Wooster, Denison, Kenyon, Oberlin, and Ohio Wesleyan), your own “CBB” group, the “NY Six,” a group of upstate New York colleges (Colgate, Hamilton, Hobart & William Smith, St. Lawrence, Skidmore, and Union), and most recently, the Northwest Five (Lewis & Clark, Reed, University of Puget Sound, Willamette and Whitman), as well as the larger regional consortia (Associated Colleges of the Midwest, Great Lakes College Association,
and Associated Colleges of the South) have made significant progress in creating shared administrative services—in such areas as insurance, energy, telecommunications, purchasing, registrar functions, catering, library services, and technical support. (next slide #13)

These collaborations, along with more informal understandings, have become an increasingly important part of Mellon’s grantmaking. We are actively promoting an acceleration of such opportunities among existing consortia and between colleges and research universities with a common interest in undergraduate education and the preparation of graduate students for careers in the academy (next slide #14).

I think the most relevant question we face is not whether liberal arts colleges will hold on to a financial model in which the sticker price never comes close to meeting the cost. The more realistic question is whether changes can be made to the model that concentrate resources on the core of liberal education rather than on the abundance of good ideas that draw liberal arts colleges away from their missions and identity.

“So far as the colleges go,” Woodrow Wilson observed during his presidency at Princeton, “the sideshows have swallowed up the circus and we in the main tent do not know what is going on.”

17 Ron Ehrenberg, the distinguished Cornell economist of higher education, has reduced this issue to a simple question “What is essential?” He argues that in the private sector higher education has grown by adding new things without taking old things away. In general, the liberal arts college sector is a case study of how interesting (and valuable) but often, non-essential programs and non-mission driven objectives compete with much more fundamental strategic goals.

Finally, there are limits to what foundations can do to help colleges combat societal trends or to counter the emotional attacks that blame the current discomfort on the alleged lack of
faculty productivity, the existence of tenure, the costs of research, the lack of accountability for student learning outcomes and stagnant postsecondary educational attainment. (And, most recently, the charge that students aren’t learning anything.) Some of these challenges, such as demographic trends, financial aid, and new revenue sources, are beyond our purview but others, such as the uses of technology, curricular renewal, faculty development, and helping colleges and universities balance competition and collaboration are well within our comfort zone. At Mellon we continually ask how we can do a better job of encouraging liberal arts colleges to make difficult strategic choices that balance their institutional and sector-wide perspectives. How can we responsibly guide institutions to take advantage of opportunities to create economies of scale through more intentional partnerships and collaboration? Are we prepared to give such initiatives the three to five years they will require to take hold?

If this nation is to continue to prosper—economically and as a democratic society—our higher education institutions, especially the liberal arts college sector, must gain in strength rather than be systematically weakened. In that pursuit, I am confident that Colby will continue to be a leader.
ENDNOTES


11 Ferrall, p. xii


15 Bacchetti and Ehrlich, pp. 263-264.

16 Bacchetti, p. 264-65.