Understanding the Finance of American Higher Education

Understanding the Finance of American Higher Education:

A Primer

By

Michael T. Miller

Cambridge
Scholars
Publishing

Understanding the Finance of American Higher Education: A Primer

By Michael T. Miller

This book first published 2026

Cambridge Scholars Publishing

Lady Stephenson Library, Newcastle upon Tyne, NE6 2PA, UK

British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library

ISBN: 978-1-0364-6366-3
ISBN (Ebook): 978-1-0364-6367-0

This book is dedicated to the memory of Dr. Richard E. Newman, 1944-2024. An incredible friend, coach, educator and human being. He simply made the world a better place.

TABLE OF CONTENTS

List of Tables and Figures

FOREWORD

There is much written and researched about higher education finance. Part of this is driven by the ease of reporting numbers and writing sensational headlines about how bad things are and creating villains. Headlines reporting student debt and tuition increases dominate local and national media and as a result, there is no surprise that the public questions higher education. But these headlines rarely tell the whole, or accurate, story of where higher education finance is at present. And research and scholarship on the topic of higher education finance similarly rarely takes into account the 'big picture' of where finance is and how it got to this place and time. This book is in direct response to this need to understand the larger framing of how colleges and universities find and use their money.

The creation of this book was driven by two primary factors. The first was the teaching of Dr. Alan T. Seagren at the Teachers College at the University of Nebraska-Lincoln. Seagren was a prominent figure in the National Association College and University Business Officers (NACUBO) and had served as the Vice President for Administration and Finance of the University of Nebraska System. In this role he had oversight for the entire system's budget and taught his classes from a practical perspective of understanding the ideas behind finance and not specifically what the trend was on a particular day or in a particular fiscal year. His philosophy was that you must understand the context of finance and its general principles rather than what the most recent trendline data might show.

The second impetus for this writing was the NACUBO multi-book set on College and University Business Administration. This compendium was, at the time, the prominent reporting of how higher education finance worked. Although largely technical, the volumes reported rather than analyzed the financial structures of institutions and how they worked. This set of books is no longer in publication, and even when it was, it often delved very deeply into the technical aspects of business management that left the reader struggling to keep the big ideas and understanding in mind. This book set, however, was the base from which scholars and students could then build future research and grasp how things worked.

This book is structured around the key aspects of higher education finance which are dictated not only by the flow of funds from students and tuition, but also the business operations that so often dictate how much

funding is needed and where those funds are to be directed. As a result, the book begins with a broad perspective of understanding how higher education finance came to its current situation, including questions from the public and state policy makers. These discussions quickly evolve into how institutions manage their government relations in an attempt to lobby, without technically lobbying, policy makers.

Following a discussion of general revenue, additional chapters cover areas that reflect institutional efforts to grow their base budget as well as their image. These topics include how funds are raised, including grants and contracts, and how funds are invested. The tricky topic of athletics is also introduced, and this is an area that is changing faster than most online publications can keep track of. Despite the many changes in how student-athletes are compensated and how institutions can go about paying them, the basic ideology of sports is important to understand and is presented here in both the conversation of amateurism as well as sports as a marketing and entertainment tool.

Additional topics covered throughout the book include creative approaches to revenue generation, financial aid, facilities and debt management, and then two separate chapters on the costs of personnel in higher education. One deals with the unique workload-negotiated idea of faculty members followed by a chapter focused on the costs associated administration and staff. In both of these personnel related chapters there is a strong emphasis on understanding the indirect costs associated with salaries and hiring and how these costs are growing rapidly and forcing institutions to consider changing their full-time workforce composition.

Two of the last three chapters are dedicated to the special considerations in funding community colleges and private colleges. Both of these sectors of the higher education industry are fighting different battles of relevance and cost containment, and headlines frequently have been filled with reports of private college closures.

The final chapter focuses what the future of higher education finance might look like. Critical within this conversation is the need for some resetting or common ground about what higher education is and what it is supposed to do. There are competing visions of what higher education is all about and the current standoff between the public, policy makers and higher education leaders creates poorly funded institutions that are paralyzed in their ability to advance society.

This book is dedicated to the memory of Dr. Richard E. Newman whose career spanned 40 years and included time as a college football coach, among other sports, faculty member, and administrator. He was one of the early scholars to note to the need to address systemic issues in college

athletics and the imbalance between institution types and the treatment of student athletes.

Finally, this book should be taken as a departure point for further discussion, debate, and research, and should not be judged on its critical analysis of any given topic. Instead, practitioners, scholars, and those simply interested in public policy and the welfare of society will find these discussions useful in creating a base of understanding of how higher education finance has evolved to its current state.

CHAPTER 1

WHERE ARE WE AND HOW DID WE GET HERE?

One of the most popular conversations about any part of American society has to do with money. Whether it has to do with the cost of something, the profit made off of something, how much something might cost in the future or how much it cost in the past, there is a fascination with money. The idea of money is a common denominator throughout society, as the possession of wealth creates a classification system into which people are ascribed, or who seek to shift their classification by acquiring more money. And, there is also the protection of money and in what ways money might be acquired with as little effort as possible.

The world of higher education is similarly consumed with the idea of money, despite broad and often vague discussions about the ideals of being educated. Conversations about higher education as a form of 'higher learning' suggest that the acquisition, demonstration, and application of knowledge can somehow be unlinked from conversations about the resources necessary for society to operate. In their simplest and most complex forms, the conversation about education and the financing of education cannot be unlinked.

Within the American context, funding higher education has evolved greatly throughout the past nearly 400 years. Initial funding for even the earliest colleges in North America was difficult to obtain and sustain, and often required the philanthropic energies and resources of those around the world. Additionally, students had responsibilities for helping to support their institutions, both in terms of 'paying' a tuition of sorts as well as providing important services to their colleges to help them operate. In more contemporary terms, the past 40 years or so have seen a philosophical change in how money and higher learning are intertwined. This current evolution is at the heart of not only this book, but also this chapter. There needs to be an understanding of what society expects out of higher education, and what these expectations look like today and in the future in

order to understand who should bear the financial responsibility of these institutions' operations.

As a cautionary note, many of the trends, experiences, and issues addressed here are not unique to the American experience and can be echoed in other countries around the globe. The fascination with money, however, tends to be a more American trend rather than a global obsession, and this in turns can frame how particular interests and conversations are introduced and executed. An additional consideration that is born out in the conversation regarding the purpose of higher education is the differentiation of types of higher education institutions. Part of the great success of American higher education is the broad array of types of institutions that claim different roles and support throughout the country. Community colleges, private liberal arts and research universities as well as comprehensive and proprietary universities all have some unique characteristics that must be considered and can be reflected in the approach to their funding.

This chapter begins by asking about the purpose of higher education, and from that understanding, addresses societal expectations of higher education and the question of who should pay for these services. The entire higher education industry is then briefly introduced, as well as interjecting the idea of leadership and politics as frames for higher education finance.

Purposes of Higher Education

The beginnings of higher education, both globally and in the United States, were tied to the idea of cultural preservation. Early colleges had strong ties to religious bodies and their instruction included a strong attachment to the exploration and furthering of faith. In a way, these early colleges were both about extending and extolling faith and training individuals to accomplish this in a particular way. As institutions evolved and public entities became intertwined with the development and sustaining, meaning funding, of institutions, they began to reflect public ideals about what a public agency should engage in. Specifically, with the passage of the Morrill Land-Grant Act in 1862, public legislatures placed a differential expectation on what higher education can and should be. The passage of the Morrill legislation is more complex than most casual observers consider. The legislation has been linked to Justin Morrill's legislative ambitions as well as President Lincoln's interests in developing a military training program tied to these public agencies. And although there was strong consideration and application given to the concept of creating centers of knowledge as universities, their role was really vocational and applied

research aimed at helping a dominant agricultural economy and an emerging industrial economy.

The higher education industry was confirmed as an applied center of learning with the passage of the GI Bill in 1944. Most recognize the GI Bill as providing mass financial aid to World War II veterans and providing them access to college to earn degrees and get jobs. The other elements of expanding the draft to include African Americans and lowering the draft age are largely overlooked, and indeed, the lasting impact of the GI Bill was that it placed higher education as a provider of job training and workforce re-entry for those who had spent time in the military.

These two pieces of legislation place the functionality of higher education squarely in the realm of applied learning and training, and applied professions such as business, law, medicine, and teacher training were all hallmarks of the academy in the 20th century. Confusion surrounding the purpose of higher education was not emphasized until the late-1950s when the launching of the Russian satellite Sputnik in 1957 placed an exclamation point on the 'red scare.' The consequence was that the federal government needed military research and development on a large scale, and they turned to higher education institutions to meet this need. Higher education had played an important part in the research and development work during World War II, but the process during war time had been to contract with scientists who had been employed by higher education, rather than focusing on the institutions as military labs.

Another consequence to this shift to military research and development during the Cold War was that it was financially profitable to higher education institutions, and almost as equally important, being awarded large government research contracts created a system of prestige. Research universities, particularly in the mid-west, such as Michigan, Wisconsin, and Ohio State, as well as coastal universities such as UCLA and Washington and Maryland and Johns Hopkins, all profited from this structure of governmental research contracts. Subsequently, they were able to build large research enterprises and infrastructures that gave them a competitive advantage as research contracts became more competitive into the 1970s and 1980s.

The community college movement of the 1960s and 1970s was also a major factor in the shifting discussion of higher education finance and what higher education was designed to accomplish. During this period of time, a large number of regional comprehensive universities arose simply based on the sheer demand for access to higher education, and community colleges similarly opened and grew. In both instances, the offering of education tended to be in functional, professional disciplines like education and

business, and efforts were made to keep tuition and fees low, allowing individuals from all segments of society to access higher education.

The emphasis on teaching students emerged as a conflicting argument within the academy as large numbers of students attempted to access higher education, and many large universities began a system of differentiated instruction to provide low-cost labor for introductory college classes, protecting senior research-focused faculty time for financially lucrative contract-driven research and development. Whether right or wrong, the system of higher education that had emerged by the 1980s had strong elements of prestige and arrogance tied into the research establishment that had been constructed during the Cold War.

Higher education in the late-20th century was, and still is today, a patchwork of mostly independent institutions, although all joined together under the broad term "higher education." Less of a formal system, these approximately 4,000-5,000 institutions have been categorized in a number of different ways and by a number of different organizations. Prominent among these classifications is the Carnegie Classification of Institutions of Higher Education, among many others, that generally separate colleges and universities based on their activities, such as awarding doctoral degrees and conducting research, focusing on teaching or job training, or having some sort of specialized function. What these classifications systems attempt to do is define the institution's actions and outputs, and institutions claim prestige and prominence based on their categorization, with many especially taking pride and making claims of excellence when they are awarded recognition as 'research' institutions.

What the classification schemes, whether by private publishers, special interest groups, or non-profit agencies struggle with is how to define what makes for a 'quality' institution, especially in an attempt to quantify the work of the institution. This is particularly difficult due to the varied missions of institutions and what each institution's external stakeholders claim as the desired output of an institution. These conversations are not new to the academy, and increasingly are prominent as alternatives to the current system of higher education (Jaschik, 2019). Perhaps one of the clearest, albeit dated, discussions of the mission of higher education was developed by Wolfe (1969) who identified four particular functions of higher education, including institutions as: a "Sanctuary of Scholarship," a "Training Camp for the Professions," a "Social Service Station," and as an "Assembly Line for Establishment Man."

What Wolfe implied, and is consistent with what contemporary conversations about the purpose of higher education have become, is that there are both individual and societal expectations for what higher education

produces. Part of this may be driven by emerging perspectives in the 1980s about earning differentials for those who graduate from college, suggesting that the individual benefits most from attending college (Hersh & Merrow, 2005). As this assumption has grown, public policy perspectives have shifted to identify the student as the primary beneficiary of a college education, meaning that the individual who benefits the most should be the primary funder of the experience.

As institutions have realized that tuition plays a greater role in institutional funding, they have responded by developing and offering programs that carry higher enrollment capacities, meaning that large, profitable programs or programs that can carry a higher priced tuition are areas of emphasis. Additionally, programs that have the highest potential for external funding, namely engineering and the hard sciences, have also become a priority due to the influx of cash (and perceived prestige) that they can produce.

Aside from the financial elements in determining what is taught, higher education continues to play an important role in the development of students, both intellectually and socially. The intellectual development of students if typically tied to academic performance and major declaration, and subsequently, the outcome of finding a job and reporting a salary. This employment rate and salary level is often considered a point of pride for institutions, indicating and bragging about how much graduates make in their first job out of college or promoting job placement rates as an incentive to recruit students. The social development of the college experience is more difficult to quantify and is conveyed in a much more limited fashion in student recruitment. Traditionally-aged students, those who are 17, 18, or 19 years old upon entry into higher education, go through a period of social and emotional development that includes taking on in a safe environment the tasks, conversations, and activities of early-adulthood. Ranging from making new friends and social acquaintances to signing a lease for a first apartment and learning to cook, do laundry, and balance a budget are all part of the social development of the student. Further, this development is intertwined with identity development, as individuals make choices and form habits around who they are and will be in the future. These activities are rarely formalized programs in college, but rather, arise from the connections and experiences that occur within the collegiate environment. This also includes making decisions about participation in the world around the individual with such activities as voting in elections and participating in philanthropic organizations.

The overarching result of trying to define what higher education is expected to do is problematic and there is little consensus about what the

outcomes of a college experience and education should firmly be. Policy makers often reduce the experience to simplistic terms and attempt to force institutions into responding to that outcome, yet such thinking rarely takes into consideration the overall development of the future citizenry that is engaged in higher education.

Societal Expectations: Who Should Pay and What Should They Get?

As described, there is little consensus about what higher education should 'produce.' Whether employees or civic minded citizens, college is difficult to quantify in terms of outcomes and different constituents want different things. And, with a wide variety of types of colleges and universities, identifying outcomes is even more problematic. For traditional-aged students who attend a four-year college on a full-time basis, most engage in a dual social and employment-based experience and the outcome to be expected is a satisfying developmental experience that includes securing a good-paying job upon graduation. For some students, however, regardless of age or background, attending college is about intellectual exploration and learning, and these students are typically not those who are most interested in the lazy rivers and football games that accompany many large public universities.

In addition to these two groups of students are countless other students who are looking for something different from their college experience. Some students want to focus on their own development as individuals, some simply want to get out of their hometowns and away from parents and guardians, and others are laser focused on finding a job and do not want to be distracted from that pursuit. Many adult students, in addition to improving their economic and occupational outlook, are looking for ease and convenience of accessibility.

Graduate students, including both professional school students such as law and medicine, as well as those in academic disciplines, are often looking for a depth of knowledge in addition to positive career placements upon graduation. And in addition to all of these students, there are taxpayers who want students to graduate and add to the local tax base; they want students to graduate as well-qualified employees, and others want graduates who will innovate and create new businesses. Society also looks to the academy to produce individuals who will give back to their communities with philanthropic gifts, they want graduates who will live healthy lifestyles and not rely on public assistance, and they want individuals who will participate fully in democracy, both as voters and elected leaders.

These lists of expectations are far from complete, as donors, business and industry leaders, and even public employers have different sets of expectations for students and graduates. This laundry list of expected outcomes creates not only segmentation within the academy, but also confusion about who should be subsidizing higher education and to what extent. If the outcome of a higher education experience is the self-preparation for a job, then the question is asked about who should subsidize the benefit, the individual or the public through paid taxes.

Another consideration in the preparation of a labor market might be the role that those who benefit from the preparation of a trained workforce should play. Should an accounting firm, for example, that hires recent college graduates who are trained to be accountants, have a role in paying for their preparation? Or should hospitals that employ nurses? If these profit centered businesses, for example, have a direct benefit from the preparation of their workforce by higher education institutions, should they (a) have a role in paying for this preparation, and (b) should they have a role in determining how and what these individuals are taught.

To some extent employers do pay some of the funding for higher education through their tax liabilities, although often higher education is funded through property tax, and these are the taxes that are often waived by state governments in search of economic development, luring business development in their states with discounts and fiscal benefits. Yet, businesses do pay taxes, and these taxes support a broad range of public services and goods. The extent to which they are involved in curriculum oversight, development, and evaluation, however, is even more confusing.

Higher education institutions desire to have a curriculum that reflects the knowledge, skills, and competencies necessary for independent, engaged living that is thoughtful and reflective of the diverse world in which individuals live. Sometimes this means that students learn material that does not have immediate, direct application or personal benefit, and at other times, particularly in academic-major related coursework, there is learning that has direct application or some direct, immediate outcome. As referenced previously, if a student is studying to become a nurse, coursework and knowledge need to be directly tied to the "outcome" of becoming an effective nurse. The question for the higher education institution, however, is to what extent the employer is engaged in deciding what is taught to the student. So if a medical care provider wants a nurse trained in some specific way, does the educational institution need to respond to this desire or want? This decision is not easy or simple to answer as there may be competing interests in how this individual is trained or what is prioritized. And if there are competing businesses, does the college or

university have a need to reflect all of these competing differences, or, do they teach what they believe is most relevant and let the student figure out how to apply what is learned to the occupational area? And, if the college takes this attitude of "we will teach you what we think is best," how does this impact the outcome of a recent college graduate's earning or employment?

Questions such as these are filtered in an often disjointed manner through the decision-making process in higher education. Faculty members, on the front line of providing instruction, might see their role and the role of the college experience in one way. College leaders, more worried about reputation and fiscal solvency, might see questions answered in a different way. And trustees, appointed and approved by politicians, might have very different answers to questions such as these. And all of these perspectives are juxtaposed against the backdrop of a legislature that might have a limited number of resources to spread across a wide range of public services. The answer to these questions about what is expected from higher education, therefore are inherently political.

Political perspectives on education are common, particularly in the arena of k-12 education where district lines matter significantly in the school experience. Politicians have embraced debates about charter schools, merit pay, vouchers, parental involvement, school reform, curricular content, etc. These conversations have begun to become part of the higher education discussion as debates about Critical Race Theory, for example, have arisen among many legislatures. In these legislative hearings, politicians increasingly see the higher education institution as an agency of the state, and by extension, under complete state control. This thinking is technically not incorrect, however, it does call into question the role of academic freedom in determining what is taught and how.

Questions such as these are not limited to public higher education, as private colleges affiliated with various religious organizations or entities frequently work to align curriculum along the boundary of fiscal viability and theological understanding. This might mean that a religiously affiliated college might offer certain majors to produce revenue, but also to reinforce some philosophical principle determined to be critical to the faith.

Across all types of higher education institutions there is a fundamental debate about who should pay for higher education and how much, and in return for that investment, what should the student receive. This questioning is far from resolved both within the academy and within the stakeholder community that is concerned with higher education, and without a solid answer to this, the very question of higher education finance becomes problematic.

Overview of the Industry Today

The higher education industry is changing rapidly and has probably changed more in the past half-century than in the previous three centuries. Institutional thinking about what to offer and to whom, and what goes along with those offerings, has become increasingly consumer driven. And while the phrase 'consumer-driven' might have very accurate connotations in the private sector of business, this idea is relatively new to higher education as a non-profit entity. Specifically, the idea of creating academic programs for specific constituents that enroll minimum numbers of students is a key, new idea in the academy. And it is not an idea that is particularly well received by many faculty.

At issue for institutions is an important fiscal element that will be addressed throughout this book, but at its very root is the idea that academic programs have an importance for cultural and historical reasons and should not be driven by how many students might enroll or how much money these students might make as graduates. The importance placed on academic integrity by many faculty and other 'purists' of the academy contends that society needs to think about things critically, needs to study them and apply or test them against the times in history. Art needs to be preserved and studied. Business and economics need to be critically analyzed against the social welfare of a society. Inquiry that builds a healthier populace. All of these ideas proclaim that the academy needs to structured in a way that it is less, if not fully, immune to market demands. Rarely, though, has this test held true, and it is increasingly untrue to the academy of the 21st century.

Higher education today is more responsive and reactive than ever before in its history. Business practices predict which students will persist. Tuition models ensure fiscal solvency. Academic programs are created based on their ability to enroll students rather than to protect or advance knowledge. Wolfe's observation of a possible role of the academy as the training ground for the professions seems to be experiencing a strong presence in society today.

The curricular development of programs that recruit high volumes of students is growing along with a sophisticated set of business strategies and practices that provide for a managerial nimbleness that has never before been experienced by higher education institutions. Programs predict long-term enrollment trends, create pre-packaged, on-demand instruction, and collect and analyze data on program efficiency that is important for decision-making. Yet despite these trends and abilities, there remain many who desire a simpler time, where institutions have been less closely tied to the outcomes that publics and states seem to be demanding.

To understand where the higher education industry currently is, it is first important to consider the broad state of the institutions that provide

instructional offerings and conduct research. Additionally, it is important to recognize the term used by the US government as "postsecondary education," meaning any degree or certificate granting institution beyond 'secondary' (high) school.

Types and Numbers of Institutions

The broad term "higher education" can be misleading, as it is actually an umbrella term for many different types of institutions with varied roles and missions. The US federal government used to rely on the term 'postsecondary' education, although this nomenclature has not been well integrated into the public terminology. Instead, "higher education" has become the catch-all for any discussion of formal education beyond high school.

The industry of higher education in the US includes vocational and training programs offered by technical institutes and community colleges, comprehensive community colleges, junior colleges, comprehensive universities, research universities, and graduate institutes. Within this spectrum, institutions can be physical, brick-and-mortar locations with residence halls and student centers or can be entirely virtual with faculty, staff, and administrators working remotely from around the globe.

As a result of the broad spectrum of higher education institutions, popular media and common understanding tend to gravitate toward a particular type of higher education, with that being a traditional four-year college or university. These institutions are stereotyped with historic looking buildings and well-groomed campus green spaces. Even institutions that are relatively young make attempts to look older and more historic.

Table 1. *Institutions in the US, 1950-present*

	Two Year Colleges	Four Year Colleges	Total
1950	524	1327	1851
1960	590	1431	2021
1970	891	1665	2556
1980	1195	1861	3056
1990	1418	2141	3559
2000	1732	2450	4182
2010	1738	2870	4599
2020	1303	2679	3982

Some institutions have simply closed, such as Colorado Heights University (2017), St. Vincent's College (2018), Morthland College (2018) and MacMurray College (2020) both in Illinois, and a number of other colleges. Higher Ed Dive (2021) reported that just over 70 colleges and universities had closed since 2016. In almost every situation, the colleges that closed had encountered a lack of enrollment demand, and although most closed and provided opportunities for their students to transfer to other nearby institutions, some institutions, such as Marymount California, were able to be merged into other institutions (Marymount California merged with Saint Leo University in Florida).

Institutional closures and mergers have occurred in both public and private institutions, although many of the private institutions that became public transitioned several decades ago. The University of Missouri-Kansas City, Washburn University, the University of New Orleans, and the University of Nebraska-Omaha, for example, all began as private institutions but were acquired by public university systems. Also, some public universities have acquired private institutions, recently as seen at the University of Arkansas where the system purchased the online, for-profit university, Grantham University (Kaberline, 2021).

And while many colleges and universities are consolidating and closing, and others are growing and expanding their work, there are also many for-profit colleges and universities that have opened in recent years. Many of these institutions have a very specific area in which they work and provide instruction, with the vast majority of those being in areas such as occupational training (truck driving, welding, manufacturing, nursing, allied health, etc.). These institutions might be founded by an individual who wants to operate the institution as a business, others might be operated and held by private corporations, and yet others are held by large businesses with interests in offering education as a product to be sold. They are typically organized as either publicly traded companies, private equity owned companies, or closely held companies.

Enrollment in for-profit institutions has grown from under 1 million at the turn of the century to over 4 million by 2020. These institutions average $42,000 in tuition costs for an associates degree and $73,000 for a bachelor's degree. To pay for this higher tuition price, 96% of students in these colleges take out loans with an average debt of around $40,000.

Proprietary institutions include colleges such as Daniel Webster College in New Hampshire, Grand Canyon University in Arizona, and California Miramar University. These colleges have mixed perceptions of their quality and outcomes. Cottom (2017) offered a perspective on these institutions as being expensive, and some of them being truly predatory. They do, she noted,

offer access to a certain affluence and an ability to earn a degree in a way that is often preventative for many students. In particular, she noted stories of African Americans who earned graduate degrees, such as MBAs, from these institutions paying very high tuition rates, yet being challenged modestly, at best, in the curriculum and classroom. So although the proprietary institution is designed to make a profit, it can also serve some societal function of providing access to postsecondary education.

There are also emerging specialized institutions that focus on very narrow areas or perspectives on students. Cambridge College in the Boston area, for example, focuses on adult learners. The newly opened Beacon College in Florida focuses exclusively on graduating students with learning disabilities. The idea behind these types of emerging institutions is that to survive in a highly competitive future of higher education there must be a specific niche area that an institution fills.

Despite the rise of proprietary institutions, the majority of thinking and experience for college students is through the traditional vision of a four-year institution. These institutions struggle with defining their roles in the current environment of what is demanded from a "college education." They increasingly offer degrees that are tightly tied to labor markets and have focused more of their energies on getting students to graduate, a term called "student success" that has arisen over the past decade as the biggest trend or fad in the academy. There have also been strong calls from public quarters to define learning outcomes and measures, specifically attempting to tie all instructional and class based activity not to learning per se, but to the outcomes associated with what society has determined to be the mission of higher education: job placement.

The result for many colleges and universities is that they undertake more entrepreneurial activities to generate revenue. And although the search for unique and creative activities that serve the public good while generating money can be seen as being of an institutional benefit, the pursuit of these activities can also lead them to become an end in and of itself. This very notion of mission diversification has subsequently created challenges for institutions as well, as public policy makers, including legislators and the public at large, call into question the behaviors of institutions.

There must also be a note here about how institutional classifications are referenced, and there is no single, dominant, absolute classification of institutions. The Carnegie Foundation for the Advancement of Teaching has a well-known classification that includes institutions with a research focus through specialty institutions. This classification, which includes "Research 1" and "Research 2" classifications, often becomes the prized designation for institutions, and faculty and the public at large take great pride in earning

these distinctions, looking with disdain at those who do not hold this designation. The smart consumer, as well as public policy makers, however, often look beyond these short-hand designations and recognize that there are multiple bodies that can claim to label institutions based on whatever criteria that might be suggested. Similarly, the term "flagship" institution has become in vogue over the past decade, suggesting that an institution is the predominant one within a state or within a system. These are informal kinds of references for institutions, and in several states there are competing institutions who claim to be the "flagship." Such designation is unofficial and used for institutional bragging-rights rather than any sort of substantive work in determining an institution's quality.

Students

There is greater diversity on the American college campus than ever before, and this can be attributed to a number of factors. First, college leaders have made it a priority to seek out and recruit members of diverse populations, and to a large extent this is easier as the American population demographics change. Second, online learning opportunities have changed how accessible higher education is, meaning that individuals in isolated areas might have more access to affordable higher education. And third, members of diverse populations are finding that higher education, in all of its forms, can be transformational and provide increased lifelong earnings.

In 2019, according to data collected by the federal government though the National Center for Education Statistics, there were nearly 17 million students enrolled in US higher education. This included approximately 10 million students enrolled in four-year colleges and universities and nearly 6 million enrolled in two-year colleges. The ten year trend, as shown in Table 2, is that two-year college enrollment has decreased from a high of 7.6 million students in 2010 to a ten-year low enrollment of 5.5 million students. Part of this decline might be described by the surge in enrollment fueled by the Great Recession and students returning to college to earn credentials that would allow them to get back into the workforce.

Four-year college enrollment has been relatively stable around 10 million students, with slight to moderate growth over the past five years. Part of this growth can be attributed to the expansion of programs, particularly online programs, but can also be seen as a result of the transition of many two-year colleges to become four-year colleges. The Florida community college system, for example, began to allow these institutions to offer four-year degrees, changing them from 'community' colleges to 'state' colleges. This would in turn mean that four-year college enrollment

has not expanded its reach into the potential student market, but in reality is simply stealing the student market from two-year colleges.

Table 2. *Enrollment in US Higher Education, 2009-2019*

	Two Year Colleges	Four Year Colleges	Total
2009	7522581	9941598	17464179
2010	7683597	10398830	18082427
2011	7511150	10566153	18077303
2012	7167840	10567798	17735638
2013	6970644	10505660	17476304
2014	6714678	10579458	17294136
2015	6499561	10547212	17046673
2016	6092418	10782231	16874649
2017	5952771	10820265	16773036
2018	5752962	10863408	16616370
2019	5599044	10966022	16565066

Despite there being some growth in student enrollment at many institutions, growth and enrollment patterns are highly variable among different types of institutions. Community colleges, for example, often enroll students who would otherwise not attempt higher education. Sometimes referred to as “at-risk” students, they might not have a strong secondary school preparation or experience, or they might have a financial need that requires them to work to pay for school. Other students in the community college sector are those who see a financial benefit to beginning their postsecondary experience at a less-expensive two-year college before transferring to a four-year institution. During the pandemic community colleges saw some increase in the number of cost-conscious students intending to transfer but also lost more students to workplace disruptions caused by COVID.

The lesson that community college enrollment management professionals have been learning over the past several years is that they need to highlight their institutions from a perspective that is unique for students. This can be low-cost, easy access, unusual degree programs, smooth transfer pathways, strong job placement records, etc. They also increasingly have learned that their success is at least partly based on the diversification of students attending their institutions. They cannot rely exclusively on 18-year old traditional students, and yet they cannot rely exclusively on adults who are

returning to attend school. Instead, they are constantly looking for the optimum mix of students from throughout the subpopulations who could comprise their ideal enrollment levels.

Four-year colleges and universities are more uneven than their two-year counterparts in how they have approached enrollment management. Some institutions have taken the perspective that they are less concerned (although they would refute this in public) about serving their state's student population and have instead pursued students from anywhere to bolster their tuition revenue streams. Institutions such as the University of Alabama in Tuscaloosa have capitalized on their high visibility in sports and their southern antebellum campus to attract large numbers of students from throughout the US. Their enrollment has been less about capturing the diverse population in their state, and instead, they have aggressively pursued students from anywhere in the US that might produce a pipeline of students. Other southern institutions, such as Mississippi and Arkansas have followed suit, recognizing that their state populations cannot provide them with large numbers of students. So the particularly interesting perspective on this trend is that these institutions that recruit and rely on serving out-of-state students are also the institutions that cry the loudest about not receiving more (in) state legislative support.

The antithesis of the Alabama model are the University of California institutions, all among the most research-productive and active in the US. The California institutions have a maximum percentage of out-of-state student enrollment, forcing them to respond to the state's population. This decision, however, was not left alone to the institutions to make, and instead took the involvement of the state legislature and the university's governing board. These bodies made a formal statement, indicating that public higher education in the state was and is designed to meet state needs first and foremost, and as part of that, institutions need to serve in-state students first.

The big, marquee institutions such as those who hold membership in the Big 10 or Southeastern Conference, comprise only a small part of the higher education infrastructure. For the most part, these large institutions have found ways to grow their enrollment and have invested heavily in the look and amenities of their campuses, including lazy rivers, boxing arenas, sun tanning decks, etc. In contrast to these universities are the comprehensive state and regional institutions that work to serve predominantly in-state students.

The California Master Plan for Higher Education developed by a team led by Clark Kerr in the 1960s designed the state university system (e. g., the California State University system). These institutions represent well the broad idea of the comprehensive university and provide a good example of

their role, mission, and function. These institutions were designed to serve specific regions of the state, often defined by counties, and were focused on undergraduate education and professional master's degrees. They, in turn, focused on providing accessible education where students from local high schools or those returning to college could easily access a campus and higher education curriculum. Many other states have assembled their comprehensive universities in a similar fashion. In Nebraska, for example, Peru State serves the southeastern portion of the state, Wayne State College, the northeastern part of the state, Chadron State the western region, etc. Missouri similarly has a Southeast Missouri State University, a Northwest Missouri State University, etc.

The comprehensive institution model has the significant drawback of being tightly linked with regional fluctuations in population. This means that if the local communities around Western Illinois University, for example, decrease in population, the institution is at great risk of suffering enrollment declines. So as the national trend of rural population stagnation continues, regional institutions are the most vulnerable in terms of enrollment decline. These institutions have responded in many instances by creating more online programs that enroll students from outside of their service areas, create new and innovative programs that might attract students from other areas, or, close programs and reduce their use of full-time faculty.

As a note about comprehensive universities, not all states have assembled their institutions with clearly defined service areas. Some states have placed colleges and universities as political gifts, with strong congressional representatives 'winning' a college for a district, and this also includes shifting the mission of a college based on political strength. This is particularly true for converting community colleges to four-year colleges.

The result of the setting of comprehensive universities is that to increase their enrollments, and to protect their tuition revenue, they must compete with other institutions in their state to find and enroll students. To some extent this can be considered healthy, creating competition among institutions, but it can also cause redundancies in programming and inefficiencies among what are truly public sector agencies.

As noted, this complex structure of institutions serves millions of students each year in constantly evolving new ways. Hybrid programming, online programming, and executive style education courses all compliment the traditional face-to-face, on-campus classroom offering. Part of the result of the innovation in class offering is the rise in diverse student enrollment. Interestingly, higher education institutions are witnessing significant growth