



## Economic Notes from the Underground

# Confessions of a College Non-Economizer

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### ABSTRACT

Lacking degrees in the discipline, I am at best a backdoor economist, having cobbled some coursework, self study and service as an associate editor of a journal. By academic training I am a higher education administrator, receiving my PhD in Educational Communication from the University of Pittsburgh in 1969. I have been a college officer for most of my career on commuter campuses. In a complementary attempt to stay in touch with students and grounded to the institution's primary purpose, I have taught principles and other lower division economics courses at three institutions over the last twenty plus years. But my confession is not really as an economist, but a college administrator. It speaks, not to the underbelly of economics, but to the inner working of many American colleges. While economics is taught in their classrooms, it is not necessarily practiced in their administrative offices.

As a dean, vice president and president, I have been constantly reminded of the fundamental relationship between revenue and institutional welfare. Except for the research university, most institutions rely on tuition and fees as primary sources of revenue. As an economics instructor, I have tried to prompt my students to consider some basic concepts—scarcity, efficiency and effectiveness—in addressing a range of textbook problems. Unconsciously, I have

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compartmentalized my administrative and my classroom priorities. I can not say that my role as an economics instructor has informed my administrative decisions. Operating costs, salaries, benefits, services and supplies increase predictably each year. As an academic administrator I have unconsciously relied upon two of the least internally controversial, least combative means of bringing revenue in-line with probable operating costs. I have consistently taken operating costs as a given. More often than not, I have sought to increase enrollment or tuition, usually both, rather than rigorously controlling expenses. With the few exceptions of painfully easing out moribund services and programs, I have ignored the academy's traditional production function—the mix of faculty, curriculum and infrastructure—that drives our operating cost increases each year. Yet as an instructor, I have consistently demanded my students demonstrate in their responses to trivial case problems their ability to recognize inefficient and ineffective use of scarce resources and to propose alternatives.

I suggest that increasing enrollment and tuition are less offensive to internal stakeholders—board, faculty and staff—than making better use of existing resources. As an administrator the economist lurking in my subconscious should prompt me to recognize underutilized resources manifested in twelve-hour teaching loads, the agrarian calendar, services duplicating those readily available in the community and underutilized classrooms and laboratories. I am keenly aware that altering faculty teaching loads, streamlining curriculum or making better use of infrastructure can be akin to moving a cemetery. The dead have many friends. While I sense sources of savings that could benefit the college's students and external stakeholders, I know that moves to promote efficiency and effectiveness will likely be seen as an assault on the values and livelihood of friends and colleagues. Faculty have devoted the majority of their adult lives to academic disciplines and industry traditions that are the foundations of a unique lifestyle. For example, try convincing a faculty to accept a larger teaching assignment. Larger teaching loads could be accommodated by eliminating faculty governance and reducing scholarship expectations. Students would be better served and the need for additional part or full time faculty reduced. Costs increases would be restrained. Or, try convincing a unit in the Student Affairs division at a commuter campus that many of their services and activities are not only underutilized and a financial drag on the whole institution, they are duplicated in the surrounding community. Both faculty and staff likely rejoin with carefully crafted rationales why their unit is vital to maintaining institutional quality. They are products of an academic tradition. Since it worked so well for them, it is the college's obligation to provide the same opportunities that produced their successes in perpetuity. To do otherwise would denigrate quality. Furthermore, spoken or not, anyone who proposes cost containment measures that undermine time honored academic

traditions effectively abandons her roots. She succumbs to the "dark side" and does so at some risk.

College faculties enjoy institutional primacy not found in other contemporary industries. Increasing teaching loads and eliminating faculty roles in institutional governance will attack deep-rooted traditions. With the bulk of institutional leaders the products of the faculty ranks, and many expressing a desire to return to the classroom, it is easy to see why there is little motivation from that quarter to upset the status quo. The familiar proclamation that "the faculty is the institution" expresses more than arrogance. This characterization fits many post-secondary institutions. Faculty participation in institutional governance or management by consensus often gives this constituency near veto power. Each year the *Chronicle of Higher Education* reports that a faculty vote of no confidence—or else public pressure from faculty—has brought an abrupt end to the tenure of presidents and lesser administrators. While these notices are infrequent, they are read often enough to remind senior administrators of the power of the faculty.

Enrollment and tuition has been a far less dangerous path. Pushing for higher enrollments gives the institution as a whole a sense of positive momentum. Increasing tuition has been received by students, parents, elected officials and the public at large as inevitable. There are objections from our external constituents but we remind them that quality must be maintained if not enhanced. The strategy has worked to date and our traditions remain largely unchanged.

In recent decades the higher education industry has received little, if any, countervailing pressure to the inefficient use of scarce college resources. The boards I have encountered tended to approve mission statements, strategic plans and operating budgets with minimal modification. Whether public or private, governing boards must respond to numerous internal and external constituencies. Too often, they defer to the institution's administration, with the faculty's underlying support, at the expense of their students and many external constituencies. Boards regularly review and approve operating budgets with a tuition increase embedded. In announcing the budget and tuition for the coming year, their press releases express regret. They cite a litany of price increases. But quality however vaguely defined must be maintained if not enhanced. Without strong external pressures for internal reform, my peers and I have been free to pursue far less controversial remedies—increased enrollment and tuition.

In reality my experience has not supported the validity of either tactic, yet I have continued to employ them. Increased enrollment merely strains existing resources, while providing justification for the next budget increase. Charging more tuition to merely continue to do things in the same way has not maintained or enhanced the quality of our graduates. I fear that "bigger" and "more" have

come to be ends in themselves and we have lost sight of the ultimate nature of institutional quality—student learning.

To date my peers and I have been able to ward off any serious external pressure for internal cost containment with a limited repertoire of convincing rationales. We have repeatedly and successfully reminded students and external constituencies that college graduates earn much more income in a lifetime than those without degree. Therefore, they should look at tuition and fees as an investment and not a cost. Quality is costly, and these annual increases are only meant to maintain if not enhance the value of the full collegiate experience. The pitch is perhaps no sleazier than those of other industries. But it is ironic how often the academic folk knock commercial promotionalism as though they are unsullied by such graft. This quality-maintenance argument has been remarkably successful over the last few decades. With the uncertainties of a long recession its success may not continue.

The corporate world may provide a hint of what is ultimately in store for colleges and their leaders who continue to resist taking control of their operating costs by more effectively and efficiently putting their scarce resources to work. Periodically, corporations and their executives have been forcefully reminded of the iron law of responsibility—when entities fail to use their power in a socially responsible way they will lose it. I am not optimistic that our resistance will end before popular backlash propels legislation that will force the requisite change and beyond. A few years ago the industry warned off U.S. Congressman Buck McKeon's (R-California) threat of a higher education price control measure. If No Child Left Behind legislation serves as a model for higher education reform, then we have much more to worry about than preserving traditions and lifestyle.

## About the Author



**William Patrick Leonard** earned his PhD from the University of Pittsburgh, an MBA from Loyola University, Chicago with a BS in Ed and MS in Ed from Indiana University. His administrative skills have been developed with participation in Carnegie-Mellon University, College Management Program, Educational Testing Service, Institutional Assessment Program, League for Innovation, Executive Leadership Institute and Council of Independent Colleges, Vocation and Mission Program. He has served as Associate Editor, *Business Library Review*, 1985 to 2001. He has published in *Economics of Education Review*, *Journal of Higher Education Administration*, *Journal of Academic Librarianship*, *Review of Education* and other

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