

**Global HR Forum 2018**

**Seoul, South Korea**

**“The Innovation of American Universities”**

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American Universities prize institutional autonomy. Universities seem to believe that as long as they are not interfered with, they will continue to innovate and serve the needs of the country. But, autonomy requires that sources of revenue that sustain the University should remain uninterrupted. To ensure a continuous and steady flow of tuition revenue, Universities seek to become selective. Having more, or in some cases, many more applicants than places, insulates the University from outside pressures to some extent. But, selectivity necessarily entails exclusion. It is the tension between exclusion and inclusion that has led to some of the most important innovations in American high education.

The United States' oldest Colleges – Harvard 1636 – William and Mary 1693 – St. John's College 1696 and Yale College -1701, all began as institutions dedicated to the education of the next generation of ministers and lawyers. Apparently at the time, these were the only two professions with sufficient stature to merit a college education. The curricula largely consisted of reading the classics in the original Greek or Latin. The experimental sciences were absent from the curricula as was medicine. This focus of the American University remained unchanged until the Morrill Act of 1862. During the United States' civil war, Congress awarded tracks of federal land to be sold for the purpose of providing “Colleges for the Benefit of Agriculture and the Mechanic Arts”. Some states matched the Federal gift with donations of their own. In addition to what are now called the Federal Land-Grant Universities of the Midwest and the West such as the University of California Berkley, the University of Illinois at Urbana Champagne, The University of Minnesota, the University of Nebraska, and the University of Wisconsin at Madison, there were some surprising beneficiaries including Cornell University and the Massachusetts Institute of Technology. The Act was a radical innovation in American higher education in at least three ways.

First, it involved the Federal Government in higher education despite there being no constitutional role for the Federal Government in education; second, it encouraged people who would not normally have considered college to attend. But perhaps most importantly, it introduced subjects that were eminently practical into the college curriculum.

For example, prior to the Morrill Act, almost all engineers were educated at the military academies. But, it was evident that a burgeoning manufacturing economy needed more engineers. The existing Universities exercised their autonomy by failing to meet this need. Thus, the necessity for government intervention. And a war economy that conscripted young farmers, needed to be made more efficient, with more scientific approaches to agriculture, in order to free labor for other uses.

As a result, in part, of this educational intervention and later the addition of the farm extension programs attached to the land-grant universities, the percentage of the labor force devoted to farming dropped from 58% in 1860 to 38% in 1900.

The next significant Federal intervention into higher education occurred in 1944 with the introduction of the Servicemen's Readjustment Act, more commonly known as the GI Bill of Rights. The Act provided returning veterans with a living stipend and covered the cost of tuition at institutions approved by the Veterans Administration. Here again the Federal Government, through payments made to institutions on behalf of veterans, expanded the number and type of people who attended higher education institutions. This idea was not universally popular. In December of 1944, University of Chicago President John Maynard Hutchins remarked: "Colleges and universities will find themselves converted into intellectual hobo jungles. And veterans unable to get work and equally unable to resist putting pressures on colleges and universities will find themselves educational hoboes." Despite his misgivings the University of Chicago enrolled veterans. Giving up football was much easier than foregoing federal money. By 1947, half of the all college students were veterans.

These veterans were the beginning of the United States' serious pursuit of mass higher education which is probably the American University's single largest contribution to innovation – large scale through open, or at least non-selective admissions. And so, Americans who never dreamed of attending college began attending in large numbers.

By 1946-1947, 2.5 million veterans qualified for tuition and living stipends. Almost overnight on U.S. campuses, Quonset huts and pre-fabricated houses were erected to accommodate this influx. The legislation kept a demobilizing army from becoming the vast army of the unemployed. Academic doors were opened. The experiences of older students became available to the other half of the students who has not served. These veterans were the first truly non-traditional students in higher education in the United States. Many more were to follow.

The State of California under the leadership of Clark Kerr authored “A Plan for Higher Education” in 1960. California’s plan became the blue print for higher education for the rest of the country. Essentially, the plan was designed to prepare for the large generation born after 1945 that was beginning to come of age. It was clear that resources both human and physical would have to be marshaled to accommodate what was then the largest birth cohort in the history of the United States.

What was radical about the California plan was that it guaranteed a place in the system for every Californian who could benefit from education or training – in short everyone who graduated from high school was welcome somewhere in the California system and for free. The key to open admissions was the Community College system with its dual mandate – preparing students to transfer to four-year institutions, or training them for the labor force.

The California plan was soon replicated in New York State, although not the free part. Most of the other States have followed this example. The era of mass higher education had begun in a deliberate way. In 1965 there were nearly 6,000,000 students enrolled in college. By 1980 the number had doubled to 12,000,000. Today it stands at almost 20,000,000. Another way to think about this expansion is to note that the percentage of the population in college has increased from 3.3% in 1960 to 4.22% in 1970 to 5.16% in 1980 to 4.97% in 1990 to 5.44% in 2000 to 6.8% in 2010.

<https://www.statista.com/statistics/183995/us-college-enrollment-and-projections-in-public-and-private-institutions/>

There are four generally accepted explanations for this increase.

First, increased high school completion rates; second, larger birth cohorts; third, an increase in the number of non-traditional students; and fourth, an increase in the college going rate especially for women.

In 1960, approximately 54% of male high school graduates enrolled in college directly after high school, while only 37.5% of women did. By 1988, the college going rate for women was 60.8% and by 1997, the college going rate was 70.3%. What has happened since 1960 is that a system that was predominately male has been transformed into one that is now predominately female. In 2015, 56% of all college students were female. The incoming classes in the professions of laws and medicine

that had been overwhelmingly male are now majority female. When Justice Ruth Bader Ginsberg enrolled in Harvard Law she was one of eight women in a class of 500, and was told that she was taking the place of a deserving man. This is selectivity morphing into bigotry.

<https://nces.ed.gov/programs/digest/d99/d99t187.asp>

One of the reasons for the increase in women in higher education is that selective all male colleges –Yale and Princeton, for example, began to admit women in 1969. For them, a radical innovation. Harvard waited until 1977. Women who had been excluded were now recruited.

After a flurry of building in the 1960s, '70s and '80s, the physical growth of higher educational institutions, particularly public institutions was curtailed. By 1980, public support, both monetary and moral, for the concept of inclusion had begun to wane. There were concerns that too many Americans were going to college. Of course, those concerns were, as always, voiced by those who had already finished college. Enrollments, however, continued to increase. Resources were constrained and often falling. States were building prisons rather than classrooms. In hindsight, it appears that college places were going to be limited by a form of rationing – higher tuition.

Colleges began to look for other ways to serve populations that did not strain physical resources. Chief among these efforts were branch campuses and extensions centers and sites. With main campuses at capacity, the only way to expand was by building off campus sites. Not only was enrollment increased and with it state support, these sites could provide instruction at less expense than the main campus.

With DARPA net morphing into the Internet, entrepreneurial institutions sensed that by combining the personal computer and the Internet, higher education could be offered to even larger numbers of eager students without straining the physical resources of the main campus. Online education was begun. The early efforts were promising, but were constrained by government regulations. For each course offered on line, the University had to offer another different course on the ground so that no more than 50% of the courses offered by an institution were offered on line. The 50% rule was repealed in 2006 ushering in the era of the completely online University.

After this 2006 change there was a large increase in the number of students who were enrolled in online courses. The outcomes were not heartening. Graduation rates were extremely low, quality was poor and some institutions violated the law in attempts to increase enrollment.

The next iteration of online education was the Massive Online Open Course, or MOOC. MOOCs were justified by touting their low or no cost and their ability to reach unserved populations. Unfortunately, analysis seems to indicate that MOOCs have worse outcomes than traditional online courses and apparently do not serve the underserved. MOOCs have course completion rates of less than 7% per course, according to NYU's Robert Ubell.

If these numbers are robust, for every 10,000 students who enroll, only three will complete as few as three courses. A Harvard-MIT study claimed, that only 3% of enrollees were from underserved populations. 65% already had a bachelor's degree.

But, MOOCs not only suffered from the same problems as the typical online course, low completion rates, unlike online degree programs it was unclear what one received for passing the course. There was almost nothing to show for the effort, so it is not surprising that so few students finished.

The most recent attempt to innovate both on the ground and on the Internet is what is called competency-based education and its non-degree facsimile competency badges. Here again, innovation (if it is innovation) has been constrained by government regulation.

On the one hand the government insists accreditors accept competency-based education while at the same time, as a pre-requisite for federal financial aid eligibility, it enshrines into regulation the Carnegie Unit, which privileges seat time, exactly what competency seeks to replace.

In a complex society an educational credential functions in different ways, depending upon who is evaluating the credential. One of those ways is to differentiate the holder of the credential from those who do not hold the credential. So those holding a bachelor's degree are placed higher in the labor queue than those holding an associate's degree, who are generally placed higher in the queue than those who have a high school diploma and some competency badges.

The labor queue is further stratified by the perception of whether or not the credential is from an elite or non-elite institution.

In the short term, innovations that do not consider this labor market search mechanism will not succeed, or will succeed only to the extent the holders of less prestigious credentials are willing to work for less money.

In the United States, educational quality is often conflated with selectivity. The more selective a University, the more prestigious the credential. This is the essence of the tension between exclusivity and inclusion. The recent attempts at innovation that chiefly use the Internet as a means of delivery will have to overcome their perceived inferiority. Even when selective institutions participate in these innovations, such as those offering courses through Udacity, Coursera or edX, they are careful to differentiate their online content from their primary mission so as not to undermine the luster of their traditional higher education offerings.

Clearly to move further towards inclusion will require a sustained financial commitment on the part of the Federal and State Governments that will sufficiently reshape again the higher education landscape as was done in 1862, 1944 and 1960. Real innovation needs financial inducements that will overcome the inertia of institutional autonomy of the American University.

Thank you.