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Watching the Money

By John V. Lombardi August 20, 2010 12:15 pm

How will it all work out? The budget is a mess, the economy weak, the quality of high school graduates in decline. Tuition and fees are on the rise, for profit colleges under attack, and US News continues to issue rankings. We hear that the costs of big time college sports grow larger, that the rich schools stay rich and the poor schools get poorer. We see more faculty in adjunct status. Many of our friends want us to do more training and less higher education. National, state, and local government leaders want us to graduate everyone who enters.

It is not a pretty picture, but some patterns appear within the chaotic detail. Nothing happens fast in higher education, and nothing happens all at once. The many parts of our world change at different rates and in different ways, often obscuring the trends as some places show dramatic modification and others stay the same.

Still, whenever the complexity of real life seems to overwhelm us, we can often find clear, unambiguous, if simpleminded clues by observing the behavior of the college athletic enterprise. As we know, college sports is designed to simplify life into a popular, one-dimensional morality play. Structured, organized, and, designed above all to achieve clear outcomes, college sports reflects us in many useful ways. Even though our institutions are often quite different in scale and scope, we nonetheless all delegate our sports enterprise to the NCAA and then buy back a standardized franchise to operate intercollegiate athletics according to rigidly defined templates. The result, among many other consequences, is that college sports often reflects some simple characteristics of our institutions, normally lost in the detail of our complexity.

The key, of course, is the money and its relationship to quality, mission, audience, and performance. The most recent NCAA report on the finances of big time college athletics is instructive, especially coming as it does on the heels of the latest US News rankings. Both of these reports tell us the same thing. Academic and college sports enterprises with a lot of money do better than those without as much money, a stable result visible in every kind of ranking we do related to college and university activities. Moreover, the news seems to be telling us that the distance between the rich, high performing institutions (academic or athletic) and the not so rich grows larger, a difference perhaps accelerated by the current economic challenges of the nation.

This fundamental characteristic of academic enterprise is often lost in much of the chatter about accountability, graduation rates, workforce alignment, completion goals, and other buzzwords. It is surely true that money matters, and as we watch the shifts in the alignment of institutions, it appears that money not only reflects the prosperity of institutions, it also determines their characteristics.

It is not just that some institutions have more money than others, it is that the institutions with more money are significantly different from those with substantially less. Moreover, while some places do better than others with about the same amount of money, no matter how efficient a poor colleges is, it cannot match the rich colleges.

Amherst, Williams, or Pomona College are not the same as a 2500 student state college. Because these elite places have more money they buy excellent faculty, sustain and enhance beautiful campuses, have very small classes, recruit students who have superb college preparation, and support a rich and vibrant residential student life. Those who attend or work at these places know or should know that they live charmed lives. Somewhere around 80 to 90 percent of their students graduate in four years and a large percentage go on to graduate or professional school.

Our 2500 student state college is too small and barely makes ends meet with low tuition and declining state support. It has a limited range of academic offerings, and significant numbers of its freshman class of students arrive poorly prepared for college and without the financial resources to pay full time attention to their college work. Six years after first enrollment, the state college graduates maybe 30 to 40 percent of that class.

Our state college is under constant attack by its faculty who are underpaid and worry about being laid off or losing tenure, by its staff who are underpaid and seek union protection, by its adjunct faculty who see themselves carrying more and more of the instructional load with inadequate compensation or support, and by its students who want more services and amenities at less cost. The state college is under attack from its legislature that wants more graduates with less state money and demands immediate and specific job-related skills from what was once a liberal arts and sciences curriculum.

The elite colleges, of course, have none of these problems. Highly qualified applicants overwhelm them, they have no trouble finding superb faculty, their support systems for their excellent students are elaborate and deep, and they never have to talk to legislators other than to advise them on how to get their children admitted.

These places are all higher education institutions, they are colleges, they produce college degrees, but they do not actually inhabit the same universe. Parallel universes perhaps, but not the same.

Similarly, the life and times of our mega athletic programs with their over $120 million budgets bear almost no resemblance to the fiscal challenges of the median $40 million budget athletic departments of less prosperous Football Bowl Subdivision (formerly IA) institutions. The programs at the top have money to burn. They can build facilities, buy the best coaches and staffs, recruit the best student-athletes, create the best atmosphere for games, attract the largest television audiences, sell the most merchandise, and in the best of all possible worlds, give a few million dollars a year back to their sponsoring institutions. The programs in the middle, let alone those at the bottom, are losing their shirts. The median program runs big deficits every year ($10 million or so) that their universities have to cover out of the operating budget using money that should go to teaching, research, and public service. They have minimal television, struggle to keep up their stadiums and other facilities, hire good if not famous coaches and staff, and lose games before small audiences.

These programs, large and small, are called Football Bowl Subdivision programs, and theoretically they live in the same space, they play by the same rules, they pretend they are part of the same world, but again, the universes are actually only parallel. The bottom programs cannot compete against the top, they will never compete, and as the amount of money separating the top and the bottom programs grows ever greater, the presidents whose sports struggle near the bottom hope that the moment of truth (when the increasing losses are no longer sustainable) comes to the next hapless chief executives.

These vignettes help us understand that the future of our higher education world will see increased differentiation among groups of institutions. We may continue to cling to the fiction that our fiscally starved public college of 2500 and Amherst or Williams are part of the same enterprise and that the $120 million athletic program is part of the same competitive universe as the $40 million program, but we do not help ourselves by doing so. These illusions feed our egos, but they create unreasonable expectations that, when we fail to fulfill them, tag us as inadequate or incompetent.

Money matters, and the performance we want depends on how much we have to spend. We must buy everything that represents quality and performance in higher education (including sports).

The students are all purchased. If we want high graduation rates, the first thing to do is purchase well prepared students, the second is to purchase strong support systems, the third is to buy quality faculty to teach small classes, and the fourth is to buy full time residential status for the students. Then, if we buy all these things, we can compare the performance of our colleges. Is Amherst doing better than Williams or Smith or Pomona?

If we can only buy students whose preparation is poor, whose financial circumstances make them part-time or full-time but living at home with a job, whose large classes are taught by overworked if well qualified adjunct faculty, whose institutions have minimal support systems, then we surely cannot compare the results to the mythical completion rates that charm our critics.

As the higher education world continues to splinter into quite different sectors, rich and poor, private and public, profit and not-for-profit, two-year and four-year, highly selective and open door, we will need to develop much better tools to evaluate performance.

Money matters in all sectors, but the amounts and uses of funds differ dramatically.

Performance counts for all institutions, but the significant performance is measured against the other members of the same sector, not against idealized targets in other sectors.

And time is always an enemy. Any day that an institution within any sector fails to maximize the use of their money to enhance their performance is the day that a competitor institution within their sector moves ahead.