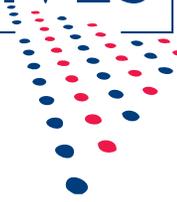


# PRESIDENTIAL PERSPECTIVES



*A HIGHER  
EDUCATION  
PRESIDENTIAL  
THOUGHT  
LEADERSHIP  
SERIES*

2012-2013 Series:

## **Responding to the Commoditization of Higher Education**

Chapter

# 5:

**Equity Versus Efficiency,  
Maintaining Differentiation  
and Quality in The New  
Commodity-Driven World  
of Higher Education**

# Equity Versus Efficiency, Maintaining Differentiation and Quality in The New Commodity-Driven World of Higher Education

Dr. Michael A. MacDowell: President of Misericordia University

Policymakers in Washington and state capitols are grappling with the age-old question of equity versus efficiency. Policies and decisions that impact higher education and which emphasize efficiency often do so at the expense of equity, and in the case of higher education, they are perceived as doing so at the expense of quality as well. As society becomes more “equitable” and admissions to college more universal, the aggregate cost of post-secondary education borne by society through taxes and other ways increases. Further exacerbating the problem is that many who initially choose to attend college are not ready for the experience and take many years to graduate, thereby increasing the cost to taxpayers, themselves, and their families.

Because of the pressure placed on colleges and universities to be more efficient, the answer to increasing enrollment has been larger classes, technology-based mass learning, homogeneous program offerings, and inevitably less attention to individual students. This, in turn, leads to degree programs that can hardly be differentiated from one to another. These homogeneous programs sometimes sacrifice optimal student performance in favor of program similarity and cost effectiveness. As a result, a college degree is rapidly becoming a commodity.

This “commoditization” of a college education is being exacerbated by several additional, and in some instances, understandable, trends. For instance, as federal and state governments are faced with increasing demands from all sectors on their limited resources, they are reducing the total dollars allocated to higher education either by cuts in direct subsidies to state-owned institutions or through funding provided by state grants based on student financial need.



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In addition, policymakers at the national and state levels are seeking to optimize the funds they invest in higher education, while simultaneously trying to minimize tuition costs for students. As a result, they are requesting that colleges provide various measurements of “quality and efficiency” that they can use to justify the use of limited public funds. This quest for accountability, while justifiable in many respects, often has the unintended consequence of not only limiting differentiation among institutions and programs, but also stifling innovation, thereby helping to make a baccalaureate degree a homogenous commodity.

A recent 192-page report by the National Research Council suggested the challenges of developing a viable input/output model for measuring the value of a college degree from any one or group of institutions. According to the report, “Nowhere are the challenges — such as accounting for input differences, wide quality variations of output, and opaque or regulated pricing — more imposing than in higher education.” Despite this fact, various levels of government continue to push for additional data. Interestingly enough, the data collection itself requires additional personnel, thereby increasing the very costs these agencies seek to mitigate.

### **What’s a President to do?**

If policymakers are concerned with the ever-difficult issue of measuring equity and efficiency while trying to preserve autonomy and quality among the nation’s colleges, college presidents are, to put it mildly, often perplexed. College presidents see diminishing public resources for higher education, increased pressure for accountability, high school graduates that are emerging with, at best, differing educational abilities, and a society that is demanding greater equity in the way those high school graduates are treated. In short, those who manage colleges are faced with a real dilemma. Presidents must seek ways to differentiate their institutions, shun the trend toward commoditization, and at the same time, comply with regulations and diminishing resources while keeping costs from growing. And they must do so in an increasingly competitive environment. This environment is made even more competitive by the advent of for-profit colleges that “deliver degrees” while incurring few capital costs with full access to government-supported financial aid.

So, what are presidents to do? First, we must accept some blame ourselves. What differentiates our institutions is our respective missions. Over the years, the missions of institutions have become increasingly homogeneous. If 50 mission statements were randomly presented to a group of high school seniors and their parents, it would be difficult for them to separate the mission statements of large state-owned institutions from small, private ones. Mission statements are, with few exceptions, often designed to be inclusionary rather than exclusionary. Institutions don’t want to “define out” programs for which there may be faculty, staff, or trustee interest or potential grant money. Further strategic planning, as practiced by most institutions, has in and of itself become a method of obfuscation at least in the eyes of a growing number of critics.

In the past, the now time-honored process for developing an institutional strategic plan was a good tool for colleges to adopt. The ideal strategic planning process involves a number of stakeholders needed to implement the plan once conceived. The tragic flaw in today’s high expectation environment, however, is that the plan itself takes significant time to develop and provides a myriad of opportunities for some stakeholders to slow the process of implementation and/or subvert it all together so to prevent change. To make matters more difficult for presidents, these propensities among nay-saying stakeholders are so universally held that they form an intransigence that can be difficult, if not impossible, to overcome even when there is general agreement on campus that change

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is necessary. This reality flies in the face of some trustees and policymakers and others who sense that the environment is far too volatile to allow for methodical, or even recalcitrant, reactions to changing economic, political, and fiscal issues.

Perhaps this is the core of the issue that faced Teresa Sullivan; the first fired and then re-hired president of the University of Virginia. “Business-oriented trustees” or, in the case of the University of Virginia, board of visitors, demanded more than what they perceived as a lethargic strategic plan to overcome the significant threats to the institution from a changing environment. They asked the president how the University of Virginia could embrace more efficient technologies, could more effectively use the Internet, and how it could reallocate resources in order to deal with diminishing state support. In so doing they pressed for more rapid decision making about ways to add efficiencies to one of the nation’s great universities.

President Sullivan and her defenders on- and off-campus were loathe to respond to this request of the Board of Visitors in what they felt was an unreasonable timeframe. Dr. Sullivan had been president for only two years when she was fired. How could Mr. Jefferson’s University, steeped as it was in tradition and a sense of equity and quality, change so quickly?

In what appears to have been a clear victory in favor of a more elongated and methodical planning and change process, President Sullivan won and was reinstated. But in the long-run the jury is still out. According to Kevin Kiley’s article in *Inside Higher Education*, (July 2, 2012) “governing boards are different than they used to be. They are more worried about the institutions’ ability to deal with challenges such as decreased funding, the role of technology in the classroom and increased accountability.” It seems to be the direction and rapidity of change that lies at the heart of the issue at the University of Virginia and at many other institutions which have seen similar consternations, including the Universities of Iowa, Texas, Oregon, and Wisconsin. At these flagship universities and others, both public and private trustees, funding agencies, and policymakers increasingly expect campus leaders to articulate and actuate plans that are dynamic, relatively rapid, and move the institution ahead in tough times.

While traditional strategic plans and the process that develops them can be helpful, these plans are hardly dynamic. They’re simply not what an increasingly large number of decision makers want. At most institutions, the traditional planning process doesn’t change much and usually only tries to emulate the accomplishments of “aspire to” colleges and universities. This only leads to increasingly similar offerings and furthers the march toward commoditization. As Jeff Selingo, Editor of the *Chronicle of Higher Education*, said in a June 25 article in the *New York Times*, university leaders are being questioned as to why they are “moving too slowly to position their schools for a rapidly changing world.”

Smaller institutions have a comparative advantage in reacting more quickly to changing economic and political environments. Because of their size they can adopt programs that redefine the institution thereby publically singling to trustees and much broader audiences that they are adapting to a changing environment and also making themselves more distinctive. Misericordia University, located in Dallas, Pennsylvania, is hardly unlike hundreds of other small, religious-sponsored institutions of higher education. A women’s college until the mid-1970s, Misericordia is one of initially 16 higher education institutions founded and sponsored by the Sisters of Mercy, the largest women’s religious order in the country.

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In terms of strategic planning, it would have been tempting for the university to go the way of others and try to compete with the variety of degrees and programs offered by state-owned institutions. This strategy would have, no doubt, been difficult if not devastating. No relatively small, private institution can compete with the homogeneous offerings of publically subsidized ones. Instead, Misericordia chose to differentiate its vision based on the charisms of the Sisters of Mercy – mercy, service, justice, and hospitality. It made those charisms more explicit by further defining itself as an institution based on a “Trinity of Learning” — high quality academics, superb career preparation, and honing within each student the passion to serve others.

These words are not unique. There are few institutions which could not say they provide quality academics, some good career preparation, and help students learn to be good citizens. But Misericordia further refined the vision and correlated it to the realities of the market for college graduates. This helped Misericordia considerably by focusing its efforts and resources. Specifically, the passion to serve others had demonstrably focused Misericordia on the service professions that emphasize service to others particularly in the health sciences. The decision to emphasize the health sciences not only helps the University to make decisions about new programs and resource allocation in a very practical and relatively rapid way, but it also allows for the development of tactics which help differentiate the institution. Furthermore, by implementing these changes it allowed Misericordia to differentiate itself and compete effectively.

Today, about 45 percent of Misericordia's students are enrolled in nursing, physical therapy, occupational therapy, speech-language pathology, medical imaging, and our new physician assistant program. Four of the majors require at least a master's degree before students can enter their respective fields. This, in turn, helps Misericordia achieve aggressive full-time enrollment goals and a solid retention rate of 92 percent overall. The freshman retention rate was 87 percent last year. Because of the requirement of advanced degrees in some fields, many Misericordia students enroll at the University ½-years in order to obtain their B.S. plus master's and clinical doctorate degrees. Furthermore, because of the demand for professionals in these fields, the programs draw high-quality high school graduates whose families are willing to pay a good portion of their tuition. As a result, Misericordia has been able to accomplish three essential goals:

1. Increase full-time enrollment from 1,050 in 1999 to approximately 1,900 in 2012, and part-time undergraduate and graduate enrollment to 1,200 from 600 bringing Misericordia's total enrollment to more than 3,000.
2. Increase student quality as measured by SAT scores, rank-in-class, and GPA.
3. Maintain a discount rate that is five to six points lower than its major cross-application private institutions.

A final important benefit of this strategy is that Misericordia is not seen as offering a commodity. Our 48-plus hour core curriculum as well as traditional majors in the liberal arts and sciences, business, and education are not significantly different from those of many competitive colleges and most universities in the country. However, Misericordia's visibility in the health sciences has not only enabled it to attract greater students in these fields, but has raised the institution's general visibility. As a result, Misericordia now attracts more students who want to major in history, biology, business, and other traditional disciplines. Faculty from the arts and sciences would, no doubt, like greater numbers of majors in their disciplines, but realizing the significant competition for high-quality students in those fields, they now welcome health science students who are enrolled in many of their general education classes.

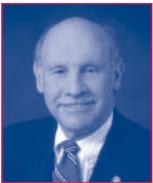
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There are, however, some pitfalls to this kind of specialization. Majors in the health sciences tend to fill to capacity early on in the admission cycle. Because of the University's belief in a strong core for all graduates, Misericordia maintains a higher number of quality faculty in the liberal arts, sciences, and social sciences than it would if enrollment in the health sciences was less. Hence, careful consideration of programs that enroll students who wish to major in non-health science fields is important. For this reason, Misericordia has introduced co-curricular programs that attract students in disciplines in the social sciences, business, education, and arts and sciences where there is excess capacity.

### Conclusion

The inevitable trends of declining real resources for higher education, coupled with the movement toward accountability, and a society that tries to encourage as many students as possible to get a college education, will inevitably lead to commoditization of a college degree. In all but the most elite colleges the trade-off between efficiency and equity and quality leads to commoditization. In order to service additional students, colleges will be forced to offer larger classes both electronically and in person, while providing less and less personal support to students while they simultaneously try to be "all things to all people."

A viable way to offset this inevitable trend is to explicitly and dynamically emphasize an institution's competitive advantage, thereby differentiating the institution and enhancing the probability of success in an environment where a college degree is rapidly becoming a commodity. Such an emphasis demonstrates to trustees, policymakers, and the general public that the institution is dynamic and moving in a positive direction, and it often affords the institution the luxury of growth in enrollment and student quality which is essential for the future of any college or university.



**Dr. Michael A. MacDowell** became President of Misericordia University in 1998 after serving as Vice President for Institutional Advancement and Professor of Economics at Hartwick College in Oneonta, New York. Prior to Hartwick, MacDowell was based in New York City for 12 years from 1977 to 1989 where he served as President of the National Council on Economic Education. From 1973 to 1977 MacDowell was an Associate Professor of Economics and Education at Northern Illinois University.

In 2007, College Misericordia became Misericordia University. Under MacDowell's leadership enrollment has grown from 1,050 full-time students to more than 1,850 in addition to 1,200 part-time and graduate students. The University has added eight new buildings and fully renovated two existing facilities during his tenure. About 45 percent of Misericordia's students are enrolled in one of six health science programs, three of which include freshman entry, undergraduate, and graduate-level work.

MacDowell has served on a variety of regional and statewide boards. He was recently asked by Pennsylvania Governor Tom Corbett to be one of 42 statewide leaders to serve on the Governor's Advisory Commission on Postsecondary Education.

He earned his undergraduate degree in economics from Trinity University, a master of economics from the University of North Texas, and a doctoral degree from Ball State University.