Why Foundations Have Cut Back in Higher Education

By MARY B. MARCY

In the midst of continuing endowment losses and dismal state budgets, higher education hardly needs to get more bad financial news. But we are getting it, and this time from some longtime friends.

Several of the most prominent foundations in the country -- the Annenberg Foundation, the Atlantic Philanthropies, the Pew Charitable Trusts -- have announced that they plan to substantially reduce their grants to higher education; some may even stop giving altogether. Such actions reflect a disturbing sea change. Even though undergraduate education received $1.3-billion from foundations in 2000, its share of total grant money was the smallest in at least a decade. While the Lumina Foundation remains unwavering in its support for higher education, it is becoming increasingly lonely in that role.

In the past, foundations have supported many higher-education innovations, including learning communities, the reconception of faculty roles, equity and diversity programs, curricular transformation, assessment efforts, and technology development. Over time, the absence of such major donors will mean a loss of billions of dollars -- and will cost even more in lost ideas and capacity to innovate. The only hopeful note in this situation is that, unlike the stock market or state fiscal resources, higher education may still be able to influence markedly the outcome of the conversation with granting agencies. To do so, we will need to challenge ourselves to reconsider some of our approaches.

In higher education in this country, we have been almost too effective in fashioning ourselves as the pathway to the American dream. We have delivered opportunity to generations, stimulated profound scientific and intellectual advances, and developed a system of higher education that may be the best in the world. But this success has masked some fundamental challenges and tempered the appetite for innovation.

How can we reinvigorate that innovation and reopen the conversation with granting agencies? Why are granting agencies pulling away from higher education, and what can we do about it?

Granting agencies can be as idiosyncratic as individual donors, but many foundation officials cite similar rationales for their decisions to decrease or curtail their support, including:

Lack of common goals for innovation. We in higher education often boast of our ability to serve a wide variety of students because of the diversity of our system -- with its technical schools, community colleges, liberal-arts colleges, research universities, and other types of institutions. But that very diversity makes it hard to articulate a comprehensive vision beyond the objectives of individual colleges. Many foundations would say that the goal of most higher-education institutions is to remain the same, except with more financial support. While that may be a compelling objective for us, it is less attractive to granting agencies that want to make an impact.
Foundations that have been supporting major national efforts in higher education want to fix perceived longstanding problems, not support institutions to continue their disparate efforts toward business as usual.

**Little systemic innovation.** I recently asked an officer from a foundation that is withdrawing support from higher education if a key reason was that relatively few colleges wholeheartedly embrace innovations in activities like assessment. She not only confirmed the point, but added that too few people on each campus are engaged in innovation, as well.

For example, many institutions, including large research universities not usually given to pedagogical experimentation, have implemented some form of a learning-communities program to encourage retention among first-year students. Yet those changes have been enacted parallel to, and on a much more modest scale than, the traditional curriculum. Our pockets of innovations tend to remain pockets and have little effect on the overall fabric of higher education.

**Few measurable results.** Granting agencies are under increasing pressure to measure the worth of their investments. But our grant work tends to focus on questions rather than outcomes. That is not surprising, because we are grounded in research, and good research does not presuppose an outcome until it is supported by evidence. We do not immediately reform our institutions around innovative new practices because those ideas are subject to the scrutiny that scholars rightly expect of all new proposals. But foundations often interpret the lack of tangible, measurable results as an aversion to accountability.

For example, the National Survey of Student Engagement attempts to determine the extent to which undergraduates engage in effective learning activities. The information has already proved to be a valuable tool for institutions, which can use the data to understand what practices work on their campuses and how to reach different groups of students. But each college must choose whether or not to release the information publicly. Thus, it is difficult for granting agencies and the public to gauge which campuses are creating the best environment for student learning, or how institutions can improve such efforts.

**Imperceptible need.** Another possible reason that some foundations do not give substantial sums to higher education is that they think we don't need help. It may be hard to understand that perception, particularly in light of the budget cuts that many of our institutions are facing, but colleges are still seen as relatively elite enclaves.

The assumption is more readily understandable if we remember that higher education is not divorced from the contemporary culture of celebrity. The activities of elite institutions tend to capture the most attention. We all not only know the saga of Cornel and Larry (and surely through repeated exposure we have earned the right to think of them so casually), but we also have a good idea of the status of the latest billion-dollar campaign.

Of course, billion-dollar campaigns are the exception, and anything beyond a cursory glance at *The Chronicle*’s annual report on endowments reveals that most colleges are falling behind financially. Moreover, many analysts believe the financial crunch for higher education is just beginning, and the resources for investing in innovative ideas are highly vulnerable -- a fact that we might do well to point out when working with granting agencies. Yet we prefer to see budget problems as cyclical, and try to just get by as usual -- especially knowing that prospective students, faculty members, accrediting agencies, donors, and *U.S. News & World Report* rarely reward fiscally strapped institutions.

Such a mind-set has made meaningful reform difficult. Although institutions have adopted new ideas,
they have not changed their core structure. In most cases, curricular and programmatic initiatives have been layered on top of, or have developed parallel to, existing operations. Rarely integrated into the key functions of the campus, such new initiatives are usually either dependent on earmarked private financing -- often from foundation grants -- or on an institutional leadership willing to add special expenses to the overall budget.

The latter was possible when we could increase tuition at twice the rate of inflation with little apparent consequence. But common sense tells us that higher education cannot sustain such a financial structure without pain. We are faced with the unpalatable possibility that we will not have enough money in our budgets to internally support new ideas at the same time that significant foundation support is also starting to dry up.

It is paradoxical, but not unreasonable, to suggest that this difficult scenario, however painful, presents an opportunity. Despite the perceived problems, the grants that foundations have made to support innovative new ideas in higher education have done some tremendous work. The greatest tragedy of the shift in grant support would be if we failed to use the knowledge that has been -- and is being -- created. We need to re-examine the work produced from the grants and make what we learn more integral to our campuses. In doing so, we may even be able to solve some of our budget challenges.

We now know more than at any time in our history about student learning, evolving faculty roles, and meaningful assessment. We are applying technology in increasingly useful ways, creating a database of information on student engagement, and gaining more information about diverse students. Many of these innovations hold promise for saving us money. We should put what we are learning into practice as a central part of our campuses. We should also identify those ideas that have the most promise for integration into the core of our institutions (learning communities, student engagement, and innovative uses of technology in redesigning courses come to mind). We can then seek start-up grants in return for our commitment to measure outcomes and demonstrate tangible results to the foundations that support us.

Moreover, if higher education is serious about embracing new ideas, we will need to become as creative in our administrative and organizational systems -- in areas like faculty rewards and operational technology -- as we are in the laboratory and the classroom. Our systems cannot remain static on the one hand and embrace innovation on the other.

Colleges should not panic simply because a donor has a change of heart -- it is our mission, after all, that should drive decision making. But when good and longtime friends begin to wonder if we are fulfilling that mission, it may be time for some reflection and self-evaluation. In the process, we may even regain the attention of the granting agencies that are losing their ardor for higher education.

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