

THOUGHTS ON THE HISTORY OF UNIVERSITY SYSTEMS IN THE US*
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ABSTRACT

Beginning in earnest in the 1950s, most state governments began a process of creating public university systems with a governing board and intended to coordinate and manage usually a range of institutional types and including a major public flagship university. By the late 1980s, enthusiasm for more centralized structures and state-wide “superboards” began to wane, in part because of the opposition of flagship campuses fearful of the “leveling” result they had seen in Wisconsin. The two decades after 1990 were marked both by austerity and limited growth *and* efforts at decentralization of authority. Reduced public funding on often a dramatic scale helps explain a campaign for greater autonomy, particularly among the top tier public universities in various states. But there are other reasons. First, the public perception of who benefits from universities – the individuals who attend them or the society as a whole – had reversed itself. Second, a corollary of this change in public attitude was the fact that public universities, especially the major flagship institutions, deprived of state support, began to engage actively in private fundraising. Third, a new philosophy of organizational management developed, stressing the importance of local decision-making and the inefficiencies of large systems with top-down management. Finally, the research function of universities, especially flagships, assumed an ever-larger role in the “information age.” Universities saw themselves, and were viewed by their states, as agents of economic development. For the “entrepreneurial university” to be truly entrepreneurial, it needed to be liberated from state and system controls. As the circumstances that have led to the decentralization of systems and state oversight continue, it is likely that the efforts of flagship universities to secure greater independence will continue. The health of America’s flagship public universities, which compete for talent with the nation’s best private universities, is an essential element in the strength of the nation’s research enterprise. These universities serve the nation as well as their respective states. The discussion about their governance should not be about whether, with institutional boards, they will cease to serve their states -- there is no reason to believe that will happen. The discussion should be about which structure best assures the fundamental health of public flagship universities so that they can contribute the most to their states and the nation.

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Throughout most of their early history, public universities in the United States operated with substantial autonomy and independence from state intervention and control. Some states, notably Michigan, Minnesota, and California, provided for the creation of public universities within their constitutions, thereby assuring relative independence from legislative control. Even those public universities that were not granted constitutional autonomy, however, were governed by boards structured to provide a high degree of autonomy from state legislatures. Unlike European universities, where state ministries exercised varying degrees of control over universities, public universities in the United States, like their private counterparts, were governed by lay boards.

Beginning in the 1930s, states began to reconsider the structures for governing public colleges and universities. The Great Depression forced states to reduce their support for public colleges and universities: state appropriations to colleges and universities fell by an average of 40%; construction projects practically ceased; faculty salaries were reduced. A survey by the American Association of University Professors (AAUP) of 125 institutions in 1936 revealed that 104 (84%) had cut salaries, sometimes more than once, with an average of 15%. States sought to bring colleges under tighter fiscal control; for example, the

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director of Ohio's Department of Finance single-handedly rejected faculty salary increases at all state universities. In Arkansas, New York, and Texas, either the governor or the legislature had to approve separate appropriations for each faculty member. Between 1932 and 1940, tuition at public universities increased by 60%. (These circumstances prompted state authorities as well as educators to begin to question how public colleges and universities were governed. How could greater efficiencies be achieved? How could program duplication be avoided? In the course of the decade of the Depression, several studies responded with analyses of the governance of public higher education.

In 1933, the Office of Education and the Carnegie Foundation for the Advancement of Teaching published *The State and Higher Education: Phases of Their Relationship*, which criticized the fact that most states provided separate governing boards for each of their colleges and universities. Its central question it sought to answer was, "How may the institutions within a given state so coordinate their programs that the aggregate will constitute a unified system of higher education?" The study proposed greater coordination and control. The report attributed the multiplicity of governing boards to the tensions that arose between traditional state universities and the state land-grant colleges. Land-grant colleges, with federal support for their agricultural, engineering programs, and their political base enhanced through their extension services, developed greater degrees of financial independence and control. Independent governance followed. The report offered a review of the 12 states that had developed, as of 1933, consolidated single governing boards for all their institutions of higher education. These consolidated governing boards, the report indicates, aimed to save resources, and to overcome "the original lack of a State policy and program...the play of local community pressures...and to replace the uncoordinated development of the separate institutions."

Also in 1933, the Carnegie Foundation published *Economy and Higher Education*, which addressed the question of "who benefits" and "who pays" for higher education. In the view of the authors of the report argue strongly on behalf of the social good that accrues from an effective system of publicly supported education. Consolidated boards, they insisted, provide the best oversight and protection of public interest and investment. The social benefits of public education, the authors concluded, are vital to a democracy: "In our democracy," they write, "where equality of educational opportunity is continually sought, attempts to shift permanently from taxpayer to student the major costs of state higher education seem destined to fail."

In 1934, the Carnegie Foundation published an additional report, *Control of Tax-Supported Higher Education in the United States*, which also advocated greater centralization and consolidation of the governance of state colleges and universities. Arguing against any federal consolidation of higher education, which some had come to fear, the report insisted that states could no longer afford the competition and duplication among their various institutions. It argued that consolidated boards would best represent state-wide interests and would represent a voice for the "common good."

Both of these reports favored a single, consolidated, unified state governing board over a looser structure of a state-coordinating agency. Coordinating boards were seen as "supervision without complete control," less effective than a true governing board.

On the other side of the debate, reports commissioned by the American Council on Education (ACE) expressed skepticism about the movement toward centralized state governing boards. ACE reports recognized some of the financial and programmatic reasons for greater coordination of higher education, but favored voluntary cooperation among institutions over centralized boards. Acknowledging the pressures for "coordination, consolidation, and centralization" were "all-pervasive," the ACE report concluded that, "...it is equally obvious to a careful observer that other phases of this great trend are not conducive to the advancement of education or the promotion of the general welfare."

As a consequence of the Depression and the increased scrutiny of higher education it provoked, the movement toward state-wide consolidated governing boards grew through the decade. In 1930, 9 states had a single governing board for all institutions; this grew to 12 by 1932, and 16 by 1941. Three states also began developing a state-wide coordinating agencies.

World War II interrupted the discussion about the appropriate governance of public universities. The issue was not fully addressed again until the 1960s.

While scarcity and contraction during the Great Depression prompted a debate over the earliest moves toward consolidated governing boards for higher education in the states, it was the postwar affluence and expansion that prompted the legislative discussions in the 1960s that ultimately resulted in states moving toward greater consolidation in the 1960s and 1970s. The 1960s was a period of expanded public investment: post-Sputnik investment in scientific research and graduate education led to the expansion of research universities. The arrival of baby boomers at college age in the 1960s combined with an increasing percentage of the population attending college greatly expanded the demand for higher education. Branch campuses of flagship universities were opened, primarily in urban centers, to serve the historically underserved populations. New universities

were formed. Former teachers colleges became state colleges with broader missions and regional state colleges began to be called state universities, with many beginning to offer graduate degrees.

Responding to the calls for greater state control of colleges and universities, several national associations of public universities commissioned a study of institutional governance, as ACE had done in the 1930s. The result was the publication in 1959 by Malcolm Moos and Francis Rourke, *The Campus and the State*, which warned against increased state intrusion into the structure and management of higher education. They argued for institutional autonomy, protected by strong institutional independent lay boards. Citing examples of unfortunate bureaucratic interference, Moos and Rourke vigorously defended institutional autonomy.

That same year, Lyman A. Glenny offered a different perspective in his book, *Autonomy of Public Colleges: The Challenge of Coordination*. Also published in 1959 and based on research completed at what is today the Center for Studies in Higher Education at UC Berkeley, Glenny provided an alternative view: state-wide governing or coordinating boards were required to develop strategic plans, limit program duplication, avoid budgetary competition in state legislatures, and orchestrate capital projects. Glenny clearly came down on the side of greater state-wide planning by means of greater centralization of program coordination or governance.

California provided a major influence on the desire of governors and legislators to restructure their higher education systems after the passage of the 1960 California Master Plan for Higher Education. The Plan reinforced and exuded the advantages of a highly differentiated network of public community colleges, a regional state university, and a multi-campus University of California, modifying an existing social contract that combined open access with institutions that were moderately and highly selective: the University of California, would admit the top 12.5% of California high-school graduates, while retaining a monopoly of doctoral education and research specialization; California State Colleges (later California State Universities), would admit the top 33% of California high-school graduates, while concentrating on undergraduate education and master's level programs; and the California Community Colleges, would remain open to all high-school graduates – a model of the community college that California pioneered as far back as 1910 and included the ability of students to transfer to UC and the state colleges. This mission differentiation and the discipline that maintained it allowed for the rational growth of each segment and minimized the competition between them. Other states could not exactly mimic California's system built over a long period of time; but they gained inspiration from the idea of creating greater coherency, and efficiencies, in centralizing under one or more boards their own collection of colleges and universities.

Over the following decade, states adopted several mechanisms for dealing with the growth of higher education. Robert O. Berdahl (not related to current author) categorized these mechanisms in 1971 as advisory boards, coordinating boards, and governing boards. Advisory boards had planning, data gathering, and informational functions, but no control or budgetary functions; coordinating boards had responsibilities for budgetary review and recommendations, as well as approval of new degree programs, but no authority over administrative appointments; governing boards had budgetary authority, program control, and personnel authority. These three categories were not mutually exclusive. Though he did not endorse any particular structure, Berdahl insisted the states had a fundamental interest in coordinating higher education and although such coordination might intrude on aspects of institutional autonomy, it did not contradict the principles of academic freedom.

Prior to the late 1960s, the number of states adopting state-wide board governance was relatively limited. However, with the addition or growth of branch campuses affiliated with flagship universities in a number of states, the role and span of institutional governing boards also grew. With the passage of the California Master Plan for Higher Education in 1960, the University of California added new campuses and expanded existing campuses until the system, by 1970 comprised 9 institutions; at that time, the California State College System comprised 20 campuses. Branch universities in urban centers grew from flagship campuses in Minnesota, Illinois, Missouri, Kansas, Texas, Massachusetts, and elsewhere.

At the end of the decade, the move toward centralized governing boards gained momentum. In 1968 Maine adopted a state-wide board followed in 1969 by West Virginia and Utah. Up to this point, however, consolidated boards were primarily characteristic of smaller, rural states without powerful research flagship campuses. This changed in 1972 when North Carolina and Wisconsin the following year consolidated all of their public institutions under a single state-wide board. The University of North Carolina at Chapel Hill and the University of Wisconsin, Madison, ranked among the top public universities in the nation. The arrangement negotiated in North Carolina did not prove seriously detrimental to Chapel Hill; it eliminated political competition from the regional institutions and it provided a lump-sum budget that gave the governing board discretion in the allocation of funds. Moreover, subsequently each campus gained a local board to which the state-wide board delegated specific responsibilities. This worked to protect Chapel Hill. In addition, though a poor state, North Carolina had a tradition of substantial state support for higher education, putting it near the top of the nation on a per capita basis.

Tiring of competition between the four-campus University of Wisconsin System and the eleven campuses of the Wisconsin State College System, in 1973 the legislature created a single system, including all four-year public colleges and universities in the University of Wisconsin System. The merger of the two systems succeeded in moving the conflict from the legislature to the system itself, with the regional campuses often in opposition to the flagship, Madison, and the University's urban campus in Milwaukee. During the following decade, faculty salaries at Madison fell to last place in the Big Ten; efforts to overcome the gap were attacked by the regional campuses. During the period from 1980 to 1986, class size at the Madison and Milwaukee campuses increased 17 percent – 70% more than at the regional campuses ((Graham, 1989, p. 98) Subsequent efforts to improve the funding of Madison were more successful, but Wisconsin represents a fairly clear case in which the flagship research university suffered as a consequence of the creation of a single consolidated system.

By the late 1980s, enthusiasm for more centralized structures and state-wide “superboards” began to wane, in part because of the opposition of flagship campuses fearful of the “leveling” result they had seen in Wisconsin. A study produced in 1986, *Searching for Academic Excellence*, examined twenty institutions and offered the following withering conclusion:

In the 20 institutions we visited, there was not one instance of a state coordinating board level initiative that improved quality; promoted efficiency; addressed a major societal or educational issue; encouraged an institution to seek new levels of excellence, or anticipated trends or issues. Instead, we discovered that in the public institutions, state coordinating agencies constituted one of the most significant obstacles to innovation and change.

In the best analysis of the restructuring of higher education and the emergence of greater centralization and state control during the decades three decades from the 1960s through the 1980, Hugh Davis Graham concluded that, “the strength of American education has flowed from its competitive diversity, which has been nurtured by decentralized systems of control and campus-focused structures of governance.”

It is not surprising, therefore that the move toward greater centralization and control began to reverse itself in the 1990s. This “decentralization” took several forms. At its most basic level, it involved the weakening or dismantling of state-wide coordinating agencies and the reduction of bureaucratic controls over campus decision-making. A second related form of decentralization involved legislation that transferred authority for certain management functions to individual campuses. This involved, for example, such things as campus retention of tuition income, where it had previously been submitted to the state for reappropriation by the legislature to the campus; or greater control over enrollments; or control over personnel; or independence from many state regulations.

Changes in the authority of the major institutions in Virginia – University of Virginia, Virginia Tech, and William and Mary –are examples of this form of substantial restructuring of the relationship of universities to the state. A third expression of decentralization was the actual dissolution of systems and the creation of local boards in place of system-wide boards. For example, in 1995, the State of Illinois abolished two multi-campus systems.

And finally, the move to decentralize the power of systems led to the creation of “quasi-public” corporations, with the transfer of virtually all management functions to the campus. An example of this was the separation of the Oregon Health Science University (OHSU) from the Oregon University System (OUS) in 1995. In this legislation, OHSU became a “public corporation,” with its own local board, the power to determine its own tuition, and the authority to issue its own instruments of debt. It essentially began to operate more like a private institution loosely tied to the State of Oregon. In the case of OHSU, its separation from the limitations of the OSU unleashed remarkable growth in quality and stature. (For these changes in the 1990s, see McClendon, 2003; Redding, 2009.)

Unlike the period of the Great Depression, when financial austerity produced calls for greater centralization of controls of higher education, or the 1960s when expansion led to the need to rationalize structures and avoid competition among growing and aspiring state colleges and universities, the two decades after 1990 were marked both by austerity and limited growth and efforts at decentralization of authority. The reasons for this can be found in the substantially different circumstances in which universities found themselves in the recent decades. Several fundamental changes should be noted.

First, the public perception of who benefits from universities – the individuals who attend them or the society as a whole – had reversed itself. As we have seen, the studies produced in the 1930s stressed the important social good, the common good, provided by universities. And the 1960s was also a decade of significant public investment in public goods, among them universities. By the 1990s, a tax rebellion reversed attitudes toward public expenditures. User fees often replaced public appropriations. The benefits of universities were seen as largely accruing to the individuals who attended them, with user fees in the form of tuition paid by students replacing state financial support.

Second, a corollary of this change in public attitude was the fact that public universities, especially the major flagship institutions, deprived of state support, began to engage actively in private fundraising. Increasingly dependent on resources they raised themselves, either in the form of tuition or gifts and endowment, these institutions chafed at the constraints imposed on them by state authorities or system boards. State controls, limitations on institutional freedom of action may have made sense when the state provided the lion's share of a university's revenue, but they made little sense when state revenues constituted a small fraction of institutional resources. As their revenue sources began to resemble those of private universities, they argued for governing structures that resembled private universities.

Third, a new philosophy of organizational management developed, stressing the importance of local decision-making and the inefficiencies of large systems with top-down management. The public higher-education variant of this was called Responsibility Centered Management (RCM), introduced at Indiana University in 1988-89 and adopted shortly thereafter by several other major public universities. RCM allocated budgets within universities based on calculations of revenues generated and costs expended. It inclined toward "putting each tub on its own bottom," and encouraged academic units to think in terms of generating revenue and limiting costs. In this environment, state policies frequently became constraints. Moves toward decentralization of system controls were consistent with moves toward RCM.

Finally, the research function of universities, especially flagships, assumed an ever-larger role in the "information age." Universities saw themselves, and were viewed by their states, as agents of economic development. For the "entrepreneurial university" to be truly entrepreneurial, it needed to be liberated from state and system controls.

The most noteworthy effort to break a flagship institution free of its system came in the University of Wisconsin in 2011 when Madison's Chancellor Biddy Martin, with the support of Governor Scott Walker, proposed making UW-Madison a "public authority" separate from the University of Wisconsin System. Supported by the UW-Madison faculty senate, the proposal met strenuous opposition from the University's regents and ultimately the State Legislature as well. After its defeat, Chancellor Martin left the University to become President of Amherst College.

Also in 2011, the University of Oregon proposed separating from the Oregon University System in a manner similar to that achieved by the Oregon Health Science University fifteen years earlier. The OUS Chancellor and governing board opposed the move; his advocacy of an independent governing board for the University of Oregon was a factor in the OUS Board's dismissal of UO president Richard Lariviere later that year. In 2013, the Oregon legislature passed legislation granting governing boards to the University of Oregon and Portland State University, followed shortly thereafter by Oregon State University; subsequently, all of the institutions within OUS were granted independent boards.

Even within the University of California, arguably the most successful university system in the United States, leading campuses have become restless with the lock-step constraints of the system office. In a paper entitled "Modernizing Governance at the University of California," Berkeley Chancellor Robert Birgeneau and other Berkeley campus leaders proposed that the UC Board of Regents create and delegate specific responsibilities to campus boards. Arguing that the UC Board of Regents no longer could govern effectively the ten complex campuses that comprise the University of California, the paper insists that local boards with more intimate connections to the individual campuses should be created with powers to set tuition, approve capital projects, approve appointments of Vice Chancellors, approve cost-of-living salary adjustments for faculty, and oversee campus endowments.

As the circumstances that have led to the decentralization of systems and state oversight continue, it is likely that the efforts of flagship research universities to secure greater independence will continue. The health of America's flagship public universities, which compete for talent with the nation's best private universities, is an essential element in the strength of the nation's research enterprise. These universities serve the nation as well as their respective states. The discussion about their governance should not be about whether, with institutional boards, they will cease to serve their states -- there is no reason to believe that will happen. The discussion should be about which structure best assures the fundamental health of public flagship universities so that they can contribute the most to their states and the nation.