

## **LESSONS FROM AMERICA**

US STUDY VISIT, FEBRUARY 2011



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### **UNIVERSITY PROFILES**

#### **CITY UNIVERSITY OF NEW YORK**

The City University of New York (CUNY) is a leading US public university serving more than 480,000 students at 23 colleges and institutions in New York City. The University's 23 institutions include 11 senior colleges, six community colleges, the William E. Macaulay Honors College at CUNY, the Graduate School and University Center, the CUNY Graduate School of Journalism, the CUNY School of Law, the CUNY School of Professional Studies, and the CUNY School of Public Health. It has a strong commitment to the idea that quality higher education should be accessible and affordable for all. CUNY meets New York City's needs, educating for in-demand professions. A significant percentage of New York City's civic and business leaders and employees have been educated at CUNY.

Serving more than 243,000 degree-credit students and 273,000 continuing and professional education students, the University confers 35,000 degrees each year. CUNY plays a crucial role in the life and economy of the city and state. As of 2007, 54 percent of undergraduates and 46 percent of all college students in New York City were attending CUNY.

#### **COLUMBIA UNIVERSITY**

Columbia University was founded in 1754 as King's College by royal charter of King George II of England. It is the oldest institution of higher learning in the state of New York and the fifth oldest in the United States. For more than 250 years, Columbia has been a leader in US higher education and around the world. At the core of its wide range of academic inquiry is the commitment to attract and engage the best minds in pursuit of greater human understanding, pioneering new discoveries, and service to society. The university offers a comprehensive array of academic programs. These include three undergraduate schools, thirteen graduate and professional schools, a world-renowned medical center, four affiliated colleges and seminaries, twenty-five libraries, and more than one hundred research centers and institutes. Columbia is both global and local in focus. It has a faculty of 3,566 and 25,500 students.

#### **NEW YORK UNIVERSITY**

Founded in 1831, New York University is now one of the largest private universities in the United States. It serves some 40,000 students attending 18 schools and colleges at five major centers in Manhattan and in sites in Africa, Asia, Europe, and South America. Today, students come from every state in the union and from 133 foreign countries. The faculty, which initially consisted of fourteen professors and lecturers now totals over 3,100 full-time



members whose research and teaching encompasses the humanities, the sciences, and the social sciences; the law; medicine; business; education; the fine arts, studio art, and the performing and cinematic arts; music; social work; public administration; the ancient world; and continuing and professional studies. With more than 2,500 courses offered the University awards more than 25 different degrees. Although overall the University is large, the individuals schools and colleges are small- to moderate-sized units—each with its own traditions, programs, and faculty.

The centre of NYU is its Washington Square campus in the heart of Greenwich Village. One of the city's most creative and energetic communities, the Village is a historic neighborhood that has attracted generations of writers, musicians, artists, and intellectuals. NYU, in keeping with its founder's vision, is "in and of the city": the University – which has no walls and no gates – is deeply intertwined with New York City.

NYU has established itself as the 'first global network university', with a comprehensive liberal arts campus in Abu Dhabi – the first to be operated abroad by a major U.S. research university – and other sites for study and research in Accra, Ghana; Berlin, Germany; Buenos Aires, Argentina; Florence, Italy; London, England; Madrid, Spain; Paris, France; Prague, the Czech Republic; Shanghai, China; and Tel Aviv, Israel, among other locations.

## **SUMMARY OF KEY EMERGENT THEMES**

### **LEADERSHIP AND MANAGEMENT**

The NYU story is particularly interesting. In the mid 70's the University experienced considerable financial difficulties and had to sell off some of its key real estate assets in order to remain solvent. The apparent 'rise and rise' of NYU has been attributed to:

- The appointment of the right people in the right place at the right time (including current President, John Sexton). Also headhunted a new Provost (took 5 attempts to persuade him to join), appointed more 'entrepreneurial' Deans and recruited new faculty 'stars' who attracted more of the same. These initial appointments by themselves produced a turnaround and started generating surpluses which were reinvested in priority areas.
- A general aversion to a rigid strategic plan. Progress based upon the right people and being opportunistic/emergent in approach
- A willingness for the trustee group and the executive (together) to take calculated risks (bold decisions) in growing/improving the university
- A relentless focus on core investment priorities and a willingness to work at pace around these(i.e. Science)
- The development of an aspirational vision (Framework 2031) constructed with involvement of the whole 'community'
- Taking the best practices from the corporate world and intelligently applying these in an academic context- but not corporatizing the university.



- Current Provost negotiated need for more centralised approach with Deans (previous rift in this area)
- Focus on greater cross-university collaboration re efficiency and effectiveness to achieve structural savings- 300 jobs already eliminated
- Academics that were 'resistant' to the more entrepreneurial approach were deliberately not 'taken on'- focus was on supporting those who were trying to make the changes.
- Push back on academics who feel 'entitlement' to funding for their ideas. They are now asked to provide a 'business case'.
- Leadership group emphasised world class research but also strong on getting to see teaching students as "a privilege and not a load or burden".
- The inner Executive (President and key execs) meets briefly on a daily basis to review events/progress and stay connected as emergent/opportunistic approach is deployed.

By contrast Columbia with its historic identity and associated advantages seemed far less edgy, from a corporate perspective, than either NYU or CUNY. One particularly interesting feature of Columbia was its huge cost base (costs approx \$3 billion to run) and its apparent willingness to recruit the best global scholars - "the best will cost". Also interesting was the Columbia approach to pay which was 'merit based'. This system uses an Annual Productivity Report which measures:

- Teaching undergraduates
- Teaching Post graduates
- Scholarly Citations
- Contribution to profession
- Service to programme, department and institution

Columbia, of the three institutions visited was the most federal and decentralised. Schools collect fees, gifts et al and are accountable for funding everything in the School. They then get taxed for central services.

CUNY has notably introduced a Performance Management Process (PMP), aligned to its new Master Plan. This was developed to assess campus leadership and annual progress toward University-wide goals. The PMP builds a set of annual goals for the University from the Master Plan. Each campus then sets its own annual goals, and its performance is measured against these goals. Annual expectations and priorities for the University and its constituent campuses are thus clear to all. Accountability is paramount; compensation for administrators is completely tied to performance review. New leadership has been established at 18 of CUNY's 23 colleges and professional schools since 1999. The University's PMP system has been described by the American Council on Education as "pioneering."



## STUDENT EXPERIENCE

All three institutions reported a tension between the centralised student affairs function and the decentralised nature of their faculties and colleges. In this sense the day to day student experience was, in large part, seen as the responsibility of the individual faculty or college.

This was, we were told, a common situation in Ivy League universities in particular. Interestingly both NYU and CUNY reported recent initiatives to create a more integrated, seamless and boundaryless university around student need and wider organisational effectiveness. NYU's relatively small endowment (impacted adversely by the recent financial crisis) and cuts in the public funding of CUNY probably explain these actions. Duke University was offered as an archetypal example of a successful wholly integrated and centralised model. The 'central' role, such as it is, and particularly at Columbia, seems to have been conceptualised as one of brokerage between the faculties and colleges. In the case of all three significant effort and investment had been put in to improving 'professional (mental health) counselling' in addition to 'academic counselling'. Columbia was particularly proud of its 'Core Curriculum' as a distinctive part of its student experience. The Core Curriculum was established in the aftermath of the First World War as a way of preventing this type of human tragedy happening again. It is taught by Columbia's top academics.

*"The Core Curriculum is the set of common courses required of all undergraduates and considered the necessary general education for students, irrespective of their choice in major. The communal learning--with all students encountering the same texts and issues at the same time--and the critical dialogue experienced in small seminars are the distinctive features of the Core. Begun in the early part of the 20th century, the Core Curriculum is one of the founding experiments in liberal higher education in the United States and it remains vibrant as it enters its tenth decade. Not only academically rigorous but also personally transformative for students, the Core seminar thrives on oral debate of the most difficult questions about human experience. What does it mean, and what has it meant to be an individual? What does it mean, and what has it meant to be part of a community? How is human experience relayed and how is meaning made in music and art? What do we think is, and what have we thought to be worth knowing? By what rules should we be governed? The habits of mind developed in the Core cultivate a critical and creative intellectual capacity that students employ long after college, in the pursuit and the fulfilment of meaningful lives. It is seen as a unifying and distinctive feature of the university and is taught by Columbia's top academics."*

Interestingly Columbia reported that it had been slower than some to invest in aspects of the non-academic experience. In particular it observed a 'technology deficit' (student related not in the academic endeavour) when compared to other US institutions. However whilst it acknowledged some deficiencies in estate and infrastructure it re-emphasised its academic reputation as key to the experience of students wishing to study at Columbia. Columbia sees itself as preparing national and global citizens and leaders of the future and does not therefore take an instrumental view around employability. At NYU as with CUNY there seems to be a sharper focus on the totality of the student experience (academic and non-academic).



For NYU in particular it leverages the attractiveness of downtown Manhattan, its proximity to Wall Street and the multi-cultural buzz of the area. Many of its valued internships take place within this geographical area. This is part of its sophisticated placement/internship function which has deep and extensive contacts in NYC, US and globally. It promotes itself as a globally networked university and attracts a diverse student population as a result. Some 93% of its fresher's live on campus housed in 7 buildings exclusively dedicated to them. Members of faculty are housed in each of these buildings. NYU works very hard at creating a sense of belonging and connectedness amongst its student population. A cadre of some 300 appointed student representatives/advocates look after the 11,000 students who occupy university residences. The team of 300 is enabled/encouraged by the Student Affairs function who keep in daily contact with them. This relationship is focused on continuously improving the student experience. In this regard feedback and innovation are key. The aim is to connect students emotionally to each other and to the institution. It prizes its 'one stop' Student Resource Centre where students can easily access 'person to person' interaction. When students arrive at NYU they go to see a play (sketches and songs) directed by Broadway Directors and delivered by NYU staff and students that 'inducts' them to the opportunity and problems that are likely confront to them whilst studying in NYC and NYU.

All three universities have a level of sophistication around their study abroad opportunities which they see as a valuable element of the whole student experience. They have dedicated teams looking after this agenda. All three also have significant outreach and community programmes.

At CUNY a big focus is on the active engagement and involvement of students in the governance of the university. This extends to having a student as a University Trustee where no member of faculty is afforded that opportunity. At CUNY unlike Columbia and NYU approx 80% of its students work part time and the same number receive financial aid. This is consistent with its mission which puts particular attention on assisting poorer families.

At Columbia 52% of students receive some form of financial aid. For those families on incomes of less than \$75k this aid covers all fees. A further band, earning up to \$180k receive some aid and then there are those who have high family incomes who pay the full fees. Currently the annual tuition and accommodation fees at both Columbia and NYU are approximately \$60k. In both NYU and CUNY there were concerns that the financial aid criteria is creating a 'squeezed middle' effect. In that middle income families are not qualifying for any significant amounts of aid. CUNY as a public institution invests particular effort in its widening participation agenda and have a philosophy of never wanting to say "no" to a student. This means it needs to appeal to a range of markets and still be relevant. The establishment of Honours Colleges which offer a high level experience for well prepared students means that CUNY can compete with selective institutions like Columbia and NYU. CUNY also reports the need for 'remedial education' for some of its students as they enter the university which the public school system seems, at least in part, to have failed on. CUNY has concerns on progression/completion rates. The root of this problem is often financial and



they are seeing that progression/completion/employability rates are a key factor in parent and student decision making on which university to choose as is costs and living and how to pay for this.

#### **FUND RAISING/PHILANTHROPY/ALUMNI**

Whilst it is clear that the US philanthropic culture is unlike the situation in the UK it seems as though most UK universities could generate substantially increased income through gifts and fund raising activity. The US universities visited all had very sophisticated operations in place to convert graduates in to active alumni and to retain and grow the alumni base, harvesting an increasing amount from it (financial and non-financial). Columbia employs 200 staff in its Fund raising/alumni operation. The top Ivy League institutions are able to build endowments of anything up to a \$27 billion endowment (a world record-Harvard) through their fund raising/alumni activities. Columbia has succeeded (earlier than anticipated) in generating a record \$5 billion over 6 years (2006 to 2012) with the biggest single gift of \$500 million. The philosophy around alumni is that the day they come on an open day, potential students are potential alumni. They are formally 'recruited' the moment they start at the university.

In Columbia's case it has established alumni clubs around the world. At Columbia the fund raising/alumni team works closely with each faculty/school to define and implement faculty targets and strategies. They generally seek to 'hypothecate' gifts to particular projects, initiatives or buildings (not ask for money for keeping the lights on). The whole focus seems to centre on long term relationship building, not just short term giving. The key donors are very effectively 'account managed'. The sophistication of these operations comes at a cost and this can be supported based upon US societal norms around philanthropy. However it is the considered view of two of the three institutions visited that the UK may be missing the boat in some way and that the cultural differences between US and UK were not so great that UK institutions should be as un-ambitious in these areas as they appear to be from the other side of the Atlantic.

Something that characterised all three US institutions, irrespective of their fund raising investment or infrastructure was the energy, enthusiasm and creativity focused on this area, not to mention the recruitment of some very talented people with highly relevant sets of skills and depth of industry experience. All three had established variants of an Alumni board of carefully selected individuals who both role modelled and catalysed gift giving. All three had the benefit of sophisticated databases/customer relationship management systems which provided precise and relevant management information about donors/alumni on a global basis. Our three US universities believed that the UK institutions should start by picking off the 'low hanging fruit' with a modest investment to prove the case for further investment.



## ENTREPRENEURSHIP

NYU provided some interesting examples of entrepreneurial activity. In particular their approach to the commercialisation of research. This included:

- Establishment of a Technology Transfer Office
- Recruitment of a senior partner from a venture capital outfit to work 'on the other side'
- Big focus on current undergraduate population – actively engaging students in entrepreneurial projects and activity-focusing on commercial and societal outcomes-defining problems to work on as a way of mobilising students and faculty.
- Seed funding available to any student with a viable idea
- Recruiting faculty who are capable of getting the money in
- Exposing faculty directly to the venture capital community
- Establishment of University/Venture Capital fair- connecting ideas to money
- One floor in each hall of residence is themed around entrepreneurship
- Mentors available to budding student and faculty entrepreneurs

At both Columbia and NYU it was clear that auxiliary (spin out) businesses were an important part of the business mix. Interestingly both referenced the University of Michigan as an institution who had made a clear strategic choice to offset reductions in state and federal funding and reduction in endowment by focusing on the development of auxiliary businesses. CUNY is working hard to improve its research profile and is focusing on a small number of priority areas (Photonics, Nanotechnology, Neuroscience, Structural Technology, and Environmental Science). CUNY were also working hard to help faculty become more 'enterprising'.



## SUMMARY

Our visit confirmed the diversity of the US system and its many differences to the UK model. At the same time there are clearly common resonant challenges and opportunities. Both public and private US institutions have been significantly buffeted by the global financial crisis and have had to re-think the way that they operate, the costs involved and the value accrued. It may be that the UK is moving to a more variegated system itself and if it is it could do well to learn from the other systems throughout the world, including the US.

In particular and based upon our US visit we would suggest reflection on:

- The high cost bases involved in the US private system and the relative value for money in the UK system.
- The potential for the 'squeezed middle' to be squeezed out (no financial aid and insufficient personal wealth) leaving a problem of social cohesion and integration on campus (the very poor and the very wealthy) as a potential problem with serious consequences for both individual universities and wider society.
- The potency of the Columbia Core Curriculum as a unifying and distinctive aspect of the student experience.
- The nature of the student experience – What matters most to students and their parents? Is this universal or institutionally or student specific? In the US institutions visited an institutionally calibrated student experience was clearly in evidence and formed a part of each institution's distinctiveness and managerial logic. Has the concept of the universal student experience already been reified in the UK and if so are we following a mantra without adequate interrogation, understanding and challenge?
- The seriousness of intent and professionalism behind placements, internships and study abroad.
- The ambition and seriousness of intent behind fund raising and alumni relationships.
- The focus and investment in building academic enterprise and of promoting entrepreneurship in the student body and faculty.
- The seriousness of investment and support behind auxiliary (spin out) businesses.
- The connectedness of the executive group to itself and to the governing body in effecting bold strategic decisions.
- The role of corporate and individual performance management and merit based pay and the intelligent application of the best corporate practices in an academic context.
- The inclusion of student representatives as a part of overall governance mechanisms.
- The ability to get the right people in to the right posts at the right time as a key engine of improvement and change (a seeming universal truth of successful organisations anywhere).



## APPENDIX

*Extracted from an American Council on Education publication 'An overview of higher education in the United States' (Eckel & King 2003)*

US higher education borrows its structure from both the British undergraduate college and German Research University, but its character is profoundly influenced by three major philosophical beliefs that shape American public life.

1. Informed by the Jeffersonian ideals of limited government and freedom of expression, states, religious communities, and individuals established and maintain a range of higher education institutions and continue to protect these institutions from the levels of government control seen in most other countries.
2. The second set of influences is capitalism and the belief in the rationality of markets. American colleges and universities vie for students, faculty, and funding under the assumption that diversity and high quality are best achieved through competition rather than centralized planning.
3. The final major philosophical influence on American higher education is a widespread commitment to equal opportunity and social mobility. Higher education was an elite activity for much of its history, excluding individuals based on gender, religion, race/ethnicity, and social class. However, during the 20th century, economic and social changes transformed higher education into a primary gateway to the middle-class, and women and minorities made inroads against longstanding exclusion from mainstream higher education. Americans came to view broad access to higher education as a necessary component of the nation's ideal as a "land of opportunity."

Higher education responded by broadening access. Indeed, the one uniquely American type of institution—the community college—was founded in the 20th century to ensure open access to higher education for individuals of all ages, preparation levels, and incomes. Guided by these beliefs, U.S. higher education reflects essential elements of the American character: independence, suspicion of government, ambition, inclusiveness, and competitiveness.

In the United States, several important terms differ in meaning from most of the rest of the world. The term college refers to an institution that typically awards only undergraduate degrees. The term faculty can refer either to an individual professor or to all. American higher education is so diverse and complex, any description of "standard practice" inevitably misstates much about individual colleges and universities.

Total US expenditure on higher education is nearly \$ 400 bn. America still has one of the highest participation rates in the OECD and still one of the highest proportions of graduates in its population. The strength and attractiveness of the US system is reflected in the numbers of students and faculty it recruits from other countries, its dominant position in university-



based research, and the strong position of the leading American institutions (mostly private) in the various international league tables.

America spends nearly 3 per cent of its GDP on higher education. The UK spends less than 1 per cent. The difference is mainly accounted for by the flow of private income and wealth which has no parallel in Britain or elsewhere. However in overall funding terms, the US system is a mixed one. Public universities receive appropriations from states to help with their educational and general costs. Both public and private institutions benefit indirectly from federal and state backed grants and loans to individual students (which can be used to defray the costs of tuition) as well as tax breaks. Finally, as in most higher education systems, government is a major funder of university research. This mixed funding system reflects the fact that American universities and colleges, public and private, are expected to fulfil broader public purposes – particularly, access and social mobility – as well as providing private benefits for students and employers. (HEPI/Brown 2009)

The U.S. Department of Education counts 6,500 postsecondary institutions that participate in its student financial aid programs, including 4,200 colleges and universities that award degrees and 2,300 institutions that award vocational certificates. These 6,500 institutions enrolled approximately 16 million full- and part- time students, including 14 million undergraduates and 2 million graduate and professional students, in fall 2001. The 4,200 colleges and universities awarded more than 2.4 million degrees in academic year 2000–01. In addition, an untold number of other institutions offer post-secondary instruction of some type but do not choose to participate in the federal student aid programs and therefore are not counted by the federal government (U.S. Department of Education, 2003).

Degree-granting institutions are typically divided into four major groups, and a considerable amount of diversity exists within each group:

1. America's 1,100 public two-year institutions, or community colleges, enroll the largest share of undergraduates (6 million students in 2001). These institutions award associate degrees in vocational fields, prepare students for transfer to four-year institutions, and serve their communities by providing a wide array of educational services. These services range from specialized training for large employers, to English language instruction for recent immigrants, to recreational courses. Almost 4 million students attended community colleges part-time in 2001. The U.S. government does not track enrollment figures for non credit adult education or recreational courses, but the American Association of Community Colleges estimates that an additional 5 million students enroll in these types of courses at community colleges every year.

2. There are only 630 public four-year colleges and universities in the United States. But these institutions—which include regional comprehensive universities that concentrate on undergraduate teaching and graduate preparation in professional fields as teaching and business, as well as research universities that offer a comprehensive set of undergraduate,



graduate, and professional degree programs—enrolled 6.2 million students in 2001. This figure includes 5 million undergraduates and slightly more than 1 million graduate students.

3. Private not-for-profit institutions are extremely diverse, including research universities, four-year liberal arts colleges that focus on undergraduate teaching, a small number of two-year institutions, faith-based institutions that maintain strong links with religious denominations, women's colleges, historically black colleges and universities, and specialized institutions that focus on a single field, such as nursing or fine arts. Private not-for-profit institutions enrolled 3.2 million students in 2001, including 2.3 million undergraduates and more than 700,000 graduate students.

4. For-profit institutions primarily offer vocational programs that result in certificates rather than degrees. Of the more than 2,400 for-profit institutions counted by the U.S. Department of Education, 500 offer two-year associate degrees and 320 offer bachelor's and/or graduate degrees. In total, for-profit institutions enrolled more than 750,000 students in 2001, all but 50,000 of whom were at the undergraduate level.



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#### **ABOUT ELEMENTA LEADERSHIP**

Elementa Leadership is a specialist strategic change and leadership consultancy with cross-sectoral international experience, focused on UK higher education. We are currently working at strategic level with universities that cover the various HE mission groups. We are committed to the future of UK higher education as central to the development of both a better society and a better economy.