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Like Germany and Canada, but unlike most other countries in the world, the United States places the primary responsibility for education (including higher education) on the states rather than on the federal government. In the United States this reflects the deep suspicion of central government reflected in the separation of powers in the Constitution. Moreover, the Tenth Amendment of the Bill of Rights says simply: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively or to the people." Provision of education is one of these powers.

Federalism in the United States can be seen as the major determinant of the governance and finance of the nation's system of higher education. The concept of federalism focuses attention on the role of regional governments--in the case of American higher education, usually the states, although sometimes counties and cities are also relevant--and on their relation to the central authority of the national government. And federalism is also concerned with the role of private, non-governmental sources of support, which are especially important for many of America's leading academic institutions, both "public" and "private." Thus, federalism in American higher education cannot be separated from the broader issue of how American higher education developed in the curious and unique ways that it has--so large, untidy, uncoordinated

from the center, without national (or even state) standards for the admission of students, the appointment of academic staff, or the awarding of degrees. For that reason, if no other, a discussion of the nature and emergence of American higher education must involve attention to the nature and emergence of federalism in American life.

ASPECTS OF FEDERALISM
IN CONTEMPORARY AMERICAN HIGHER EDUCATION

The radical decentralization of control of American higher education (of which federalism is one aspect) is both required by and contributes to its size and diversity. Total college and university enrollments in 1990 were just short of 14 million, in some 3,500 institutions. Of these students, some 12.1 million were undergraduates, and 1.9 million attended graduate or professional schools. Some 78 percent were enrolled in "public" institutions, though it is important to stress that many public institutions receive funds from private sources, and almost all "private" institutions are aided by public funds, through research support, student aid, or both.

Of the total enrollment of nearly 14 million, some 5.4 million, or over a third, were enrolled in two-year colleges, almost all of them public institutions. Over 7.9 million, or 56 percent, were classified as "full-time students" in that they met the requirements for full-time status as reported by the institutions, though many of these were also working part-time, while 6 million students were formally studying part-time (Chronicle of Higher Education, 1991). Indeed, the proportion of part-time students has been growing in recent years, as have the numbers and proportions of older students,
and students from historically under-represented minorities, largely Blacks and Hispanics. Students of nontraditional age—that is, 25 years and older—accounted for well over two-fifths of American college students, and racial and ethnic minorities nearly 20 percent. Women comprised 54 percent of the total enrollment (Chronicle of Higher Education, 1988).

The size and diversity of the student body in American colleges and universities reflects the numbers and diversity of the institution in which they are enrolled. No central law or authority governs or coordinates American higher education. The nearly 2,000 private institutions are governed by lay boards which appoint their own members; the 1,560 public institutions (including nearly a thousand public community colleges) are "accountable" in varying degrees to state or local authorities, but usually have a lay board of trustees as a buffer against direct state management, preserving a high if variable measure of institutional autonomy.

Differences in the forms of governance and finance among the public institutions are very large, both between and within states. For example, the Universities of Michigan and California are able to call on state constitutional provisions protecting their autonomy against political intrusion; it is perhaps not coincidental that they are also the two most distinguished public universities in the country. Moreover, over the years both have used their freedom to diversify their sources of support; currently only 30 percent of the operating expenses of the University of California come from state government, and the proportion in the University of Michigan is even smaller—closer to 20 percent. (They are perhaps more accurately "state-aided" than "state" universities).
Other state institutions by contrast suffer constant state interference in their management and policies, interference facilitated by line-item budgeting, close state control over expenditures, and limited discretionary funds.

But while an observer can see contrasting patterns in the legal and formal organizational arrangements from state to state, actual relationships between public institutions and state authorities vary also by historical tradition, the strength and character of institutional leaders, and the values and sentiments of governors and key legislators. Variations in the autonomy of public institutions can be seen not only between states, but between sectors of higher education within states, and even between institutions within the same state sector. Examples of the latter are the differences between the nine-campus University of California and the California State University system of 20 campuses, defined as primarily undergraduate institutions, though also offering masters degrees, but without the power to award the doctoral degree (except in conjunction with a campus of the University of California or a private California University), and therefore doing little funded research. The California State University also does not have the University of California's constitutional protection and is funded on a line-item basis. Nevertheless, at least one of its campuses--California State university, San Diego--has encouraged its faculty to do research and to write proposals for outside funding; in these respects, and in its success in gaining such support, it resembles a campus of the University of California rather than most other campuses in its own sector.
Diverse Sources of Funding

The diversity of funding is at the heart of the diversity of character and function of American higher education. American colleges and universities get support not only from national, state, and local governments, but from many private sources such as churches, business firms, foundations, alumni, and other individuals; from students in the form of tuition and fees for room, board, and health services; and from many other clients of their services, as for example, their hospitals' patients. In 1988-89 expenditures of all kinds on American colleges and universities were estimated to be over $131 billion—an increase in current dollars of 70 percent, and in constant dollars of 31 percent, over 1981-82, representing roughly 2.7 percent of the Gross National Product (National Center for Education Statistics, 1989, Tables 126 and 133, pp. 30 and 36). Government at all levels together provides less than half of all current revenues for American higher education, currently about 42 percent. The federal government itself provides only about 13 percent of the support for higher education, chiefly in the form of grants and contracts for research and development in the universities. That figure includes grants to students but excludes the federal government's loans and loan subsidies. (If it included those, the federal contribution would be closer to 20 percent, and the students' contribution reduced by the same amount). State and local governments (mostly state) provide a third of all support for higher education.

Students themselves (and their families) provide about a quarter of the funds for higher education, and the institutions themselves about 27 percent from their own endowments and from other enterprises they operate and services they provide, such as
foundations and business firms. So in brief, students provide about a quarter of the revenues for higher education (perhaps half of which comes from student aid from various sources); the institutions provide about a third from their own endowments, gifts and enterprises, and the rest comes from "government"--that is, cities and counties, the 50 state governments, and the many federal sources and agencies whose expenditures are not coordinated by any policy or office (op cit., Table 269, p. 292, and Chronicle of Higher Education, 1990a).

These proportions differ, of course, between American "public" and "private" colleges and universities, though it must be stressed that all American colleges and universities are supported by a mixture of public and private funds. For example, while public colleges and universities currently get about half their operating budgets from their state governments, private institutions get less than 2 percent from state sources. But the private colleges get a slightly larger proportion of their support funds from the federal government than do public institutions--17 percent as compared with 11 percent. The other big difference lies in the importance of student tuition payments that go directly to the institution; these account for less than 15 percent of the revenues of public institutions, but nearly 40 percent of the support for private institutions (U.S. National Center for Education Statistics, 1989, Tables 270 and 271, pp. 193-294). And those proportions differ sharply among subcategories of colleges and universities; for example, as between research universities and four-year colleges in both public and private categories. For example, in 1989-90 the University of California got roughly $1.1
billion in research grants and contracts, of which $614 million came from agencies of the federal government. The balance came from other public and private sources. Most of the money went directly to individual researchers and faculty members on its nine campuses, out of a total budget of $6 billion. (An additional $200 million is provided by the federal government for "overhead," i.e., the indirect costs associated with the research. This sum is split roughly half and half between the state government, where it goes into the General Fund, and the University, for whom it is an administrative and discretionary fund).

Diverse Sources of Student Aid

In 1989-90, total student aid from all sources was running at over $27 billion a year, 62 percent higher in current dollars, and 10 percent higher in real terms, than in 1980-81. Of this sum, nearly $2 billion came from state grant programs, and about $6 billion from the resources of the institutions themselves, such as gifts and endowment funds. The remainder, over $20 billion, came from federal sources in a complex combination of student grants, loans and subsidized work-study programs. Of that large sum nearly two-thirds, or $12.6 billion, was distributed through various loan programs (which are not included in the estimates of federal support cited above). As the total amount of federal aid has grown, the proportion taking the form of loans has grown; in 1975-76, three quarters of federal student aid was awarded in the form of grants, but by 1989-90 the share of federal student aid in the form of grants had fallen to about a third (Chronicle of Higher Education, 1989, p. A-31; and 1990a, p. 13).
In 1986-87 nearly half (46 percent) of all undergraduates received some form of financial aid; over a third (35 percent) were receiving federal aid (ibid, pp. 13 and 20). In real terms, student support from all sources increased by about 10 percent over 1980-81, a little less than the increase in total enrollments (up about 12 percent over that period), but probably close to the increase in "full-time equivalent" enrollments. Aid from federally supported programs decreased by about 3 percent from 1980-81 when adjusted for inflation. But large increases in student aid at the state and institutional levels (which now comprise over a quarter of the total student aid from all sources) have more than offset the drop in federal funds for student aid. State student grant programs grew by 52 percent, and aid awarded directly by the institutions grew by 90 percent, both in real terms, in the decade of the eighties (Chronicle of Higher Education, 1989, p. A-31). In this area, as in others, the states, the institutions, and their constituencies are providing more of the support for higher education, though the shift is slow and is not reflected in absolute declines in the federal commitment.1

Differences in State Coordination and Support

The states differ markedly among themselves in the way they organize, govern, or "coordinate" their systems of higher education. In some states, such as Massachusetts and Utah, coordinating councils are very powerful, serving as consolidated boards which govern the whole of the public sector of postsecondary education in the state. In contrast, California's Postsecondary Education Commission has relatively little formal power, serving chiefly as a fact-gathering advisory body to state government, and is itself
largely governed by representatives of the institutions that it coordinates. In still other states, like Vermont and Delaware, there are no statutory coordinating bodies at all (Kerr and Gade, 1989).

Similarly, how the states support higher education varies enormously from one region of the country to another, compared with regional differences in European countries. For example, in the New England and North Central states, private colleges and universities developed early and have tended to resist the competition of big publicly supported institutions. While public institutions have grown there as elsewhere in recent decades, the effects of that heritage can still be seen, for example, in Massachusetts and New York, where great universities like Harvard, M.I.T., Columbia and Cornell, and a host of other vigorous private institutions overshadow and overpower the public colleges and universities in those states. By contrast, in some western states there is little private higher education at all; public institutions, such as land-grant universities and public community colleges, have a virtual monopoly on the provision of degree-credit education within their borders. These differences are clearly evident in terms of per capita state support. For example, in 1990, per capita appropriations by the 50 states for higher education in their borders averaged $159 but ranged from $312 in Alaska to $67 in New Hampshire—a difference of nearly five to one. If those two extreme states are set aside, a comparison of the second with the 49th—Hawaii and Vermont—gives a ratio of two and one-half to one. A slightly different index—state appropriations per $1,000 of state income (which attempts to control for state wealth, thus giving a measure of "effort")—shows similar results; again a ratio of 5:1, though the extreme states on this measure are
Wyoming ($18 per $1,000) and New Hampshire ($3.50 per $1,000) (Layzell and Luddon, 1990, Table 2, pp. 23-24).

As a consequence of its system of educational federalism, the United States is evidently prepared to sustain differences (or inequities) in support for higher education among the several states of this order of magnitude. This is perhaps one of the most significant and least remarked differences between American and European systems. Any effort to achieve or approximate equality in America's provision of public services between and among states or regions would require considerable direct intervention by the central government. The federal government has been prepared to intervene strongly in education to defend the civil rights of students and faculty, most notably in connection with the potential for discrimination on the basis of race or gender, and it can also modestly reduce inequalities among states by providing federal funds directly to students and to researchers. But with a few exceptions, the federal government does not try to stimulate state spending on higher education in order to compensate for differences in state wealth or effort, or give the states unrestricted funds for support of higher education.

The most important historical exception to this policy was the contribution of the federal government to the states through the first Morrill Act, which clearly aimed at stimulating state spending for agricultural and technical education, and the introduction of the principle of requiring the states to provide "matching dollars" (to some ratio) for specific purposes, most notably in the second Morrill Act (Brubacher and Rudy, 1958, p. 227). After World War II, President Truman's Commission on Higher Education
recommended that the federal government undertake a massive program of "general support of institutions of higher education," precisely by channelling federal funds to the states "on an equalization basis" and limiting the recipients to public colleges and universities (Finn, 1978, p. 122). The defeat of this effort to equalize higher education across the states, and the further defeat in the Education Amendments of 1972 of efforts to channel federal funding directly to the institutions through unrestricted grants has established federal policy for the present and foreseeable future. The current reluctance (or constitutional inability) of the federal government to intervene directly to affect state policy toward higher education outside the realm of the protection of civil rights and liberties underlies the considerable power of the states to organize and fund their systems of higher education relatively free of the levelling hand of the federal government. The rather stronger egalitarian instincts of Europeans and Canadians lead them to view that "freedom" with some skepticism and on the whole critically.

This brief overview of the diversity of funding, student aid, and state support has sought to put into perspective the federal role in American higher education—one which is substantial in overall size, but much smaller in its direct influence or power over the system than is the role of the several states. Since its founding, the federal government has come to play a role, and often a dominant role, in many areas of social and economic life in ways its founders never anticipated. Nevertheless, its role in American higher education is limited primarily to its support for research and student aid.

In the following pages, I want to explore the roots of this unique character of American higher education in the colonial experience, then explain the impact of the
American Revolution on the attitudes and arrangements for higher education that came out of the colonial period, and finally trace the emergence after the Revolution of a national "policy" toward higher education—a policy nowhere articulated as such, but defined by a series of events over a century and a half that have shaped today's federal relations with institutions of higher education.

THE ROOTS OF AMERICAN FEDERALISM IN THE COLONIAL EXPERIENCE2

Despite all the changes and transformations of state, society, and economy in modern times, the American system of higher education has its roots in the colonial period, when it developed characteristics distinguishable from all other systems of higher education in the world, notably in its governance patterns, marked by a strong president and lay governing board, its extraordinary diversity of forms and functions, and its marked responsiveness to forces in society as well as in state and church. In one other respect the colonial colleges are familiar to us, and that is in the importance attached to them by the societies and governments of the colonies. At a time when most European universities were not really central to the vitality of their societies, and were more or less preoccupied with the preparation of theologians and divines serving an established church, or with defining the virtues and polishing the accomplishments of a ruling elite, seventeenth- and eighteenth-century colonial colleges in America were regarded by their founders and supporters as forces for survival in a hostile environment. They were seen as crucial, indeed indispensable instruments for staving off the threat of reversion to barbarism, the threatened decline into the savagery of the surrounding forest and its
Indian inhabitants. They also played a familiar role for these early Calvinists in maintaining a learned ministry and a literate laity. Moreover, in the young colonies as on the later frontier, civilization and its institutions could never be assumed to be inherited: It had always to be created and re-created; and for this purpose, learning and learned persons and the institutions that engendered them were needed. As Henry May has noted, "From the very beginnings, the expressed purpose of colonial education had been to preserve society against barbarism, and, so far as possible, against sin" (1978, pp. 32-33).

The colonial colleges were founded as public bodies. They were established and then chartered by a public authority and were supported in part by public funds, in part by private gifts and endowments, in part by student fees. The mixing of public and private support, functions and authority has persisted as a central characteristic of American higher education to this day, blurring the distinction between public and private colleges and universities. Americans have tended to regard all their higher education institutions as having a public dimension, and they also allowed for a private dimension in their public institutions. As Jurgen Herbst argues (1982), one cannot see the colonial colleges as either "public" or "private" institutions, but as "provincial," stressing their function of service to their sponsoring and chartering colony, rather than to their source of support or authority. While the distinction between "public" and "private" emerged with a certain clarity in the nineteenth century, and especially after the Civil War, it is still more appropriate to see the broad spectrum of American colleges and universities as lying along a continuum from fully public to nearly purely private
Both the geography of the Eastern Seaboard and the accidents of settlement created a series of distinct and largely self-governing colonies, each tied to metropolitan London through a charter and governor, yet separate from one another in character, social structure, and forms of governance. That, in turn, meant that when colonial colleges were established, they differed from one another in their origins, links to colonial government, and denominational ties (Trow, 1979). As a result, the eight colonial colleges—the nurseries of so many of the Revolutionary leaders—legitimated diversity. But similarities also existed among them. They had to be created in the absence of a body of learned men. In the new world no guild of scholars, no body of learned men existed to take the governance of a college into its own hands. The very survival of the new institutions in the absence of buildings, an assured income, or a guild of scholars required a higher and more continuous level of governmental interest and involvement in institutions that had become much too important for the colonies to be allowed to wither or die. Moreover, a concern for doctrinal orthodoxy, especially in the seventeenth century, provided further grounds for public authorities to create governance machinery in which its own representatives were visible, or held a final veto and continuing "visitorial" and supervisory powers. The medieval idea of a university as an autonomous corporation composed of masters and scholars was certainly present in the minds of the founders of colonial colleges, but the actual circumstances of colonial life forced a drastic modification in the application of this inheritance.3

College charters expressly reserved for colonial governments a continuing role in
the governance of colleges, placing colonial officers directly on boards of trustees or assigning to the Courts and legislatures the power of review. For example, in the 1748 charter for the College of New Jersey (later to become Princeton), the province placed its governor on the board as its presiding officer; and the 1766 charter of Queen's College (later Rutgers) included among its lay trustees the governor, council president, chief justice, and attorney general of the province (Herbst, 1982, pp 86-87. 111). And in the turbulent sectarian climate of eighteenth century America, all of the colonies carefully circumscribed the powers of the corporate universities, each making sure that the colonial governors and legislatures retained ultimate powers as "visitor." Even in Connecticut, where Yale's trustees were all Congregational ministers, the charter that incorporated the trustees as the President and Fellows of Yale College preserved to the colonial Court the right "'as often as required' to inspect the college's laws, rules, and ordinances, and to repeal or disallow them 'when they shall think proper'" (Herbst, p. 47). The charter, Herbst notes, "guaranteed the school's autonomy within specific limits" but "thus upheld the ultimate authority of the Court over the college." And in colonial America, these reserve powers were in fact employed from time to time.

Both Harvard College and William and Mary College--America's only two seventeenth-century foundations--were established with a two-board government, one representing the institution or corporation, the other the external trustees. And yet in both colleges, "the governmental practice . . . soon lost its distinctiveness and came to resemble that of the one-board colleges. American colleges were to be ruled by powerful and respected citizens, who would govern them for their own and their
children's benefit" (Herbst, p. 61). Ironically, the nearest American colleges and universities ever came to recreating the first, or corporate, board was when they finally were able to gather together a guild of learned men who could command respect and gain a measure of professional authority. It was not until after the turn of the twentieth century that academic senates became significant parts of the governance machinery of American colleges and universities, and then only in the most prestigious institutions employing scholars who were able to use the academic marketplace to compel respect and attention from presidents and boards concerned with the status and distinction of their institutions. The relative weakness of the academic profession in the United States, as compared with its strength in the United Kingdom, especially at Oxford and Cambridge, has had large consequences for the diverging development of the two systems (Trow, 1985).

With the exception of New Jersey which, because of religious diversity occurring at the end of the colonial period, chartered two colleges (now Princeton and Rutgers), each colony granted a monopoly position to its college. In this respect, each colony behaved towards its college as England behaved towards Oxford and Cambridge and Scotland toward its universities, granting them the power to award degrees within their respective "province." American colonial governments attempted to prevent or inhibit the appearance of rival and competitive institutions in much the same way that the government in England had prevented the dissenting academies from widening the educational market in the eighteenth century. Consequently (and other factors were doubtless involved), in England the dissenting academies never emerged as serious
competitive degree-granting institutions, and were destined to failure and, with one or two exceptions, to eventual extinction (Armytage, pp. 128-140 and 153-156; and Parker, pp. 124-136). But their existence--and relevance--was noted in the colonies, where reference was made to them, during a dispute over sectarian issues at Yale in the 1750s, as better models than the ancient universities (Herbst, p. 77). As Beverly McAnear has observed, "The founders [of the mid-eighteenth century colonial colleges] .... transplanted the essentials of the educational system of the English dissenting academies and saw the system take root" (1955, p. 44). The dissenting academies were even more relevant to the proliferation of American colleges on the frontier between the Revolution and the Civil War, with the significant difference that the American colleges were encouraged and sometimes even modestly supported by public authorities.

All the colonial colleges were provided with public funds of various kinds, though in varying amounts and degrees of consistency. Some received a flat sum or subsidy to make up an annual shortfall in operating expenses or salaries, others assistance in the construction and maintenance of buildings. The Assembly of Virginia provided the College of William and Mary with a percentage of the duties collected on furs, skins and imported liquor (Robson, 1985, p. 19). These subventions reflected an organic connection between the colony and "its" college, and the colonies were not reluctant to use the power of the purse as a constraint on colleges when they were alleged to have carried their autonomy too far. The Connecticut legislature in 1755 refused its annual grant of L100 to Yale because of a sectarian dispute with the College's president (Herbst, p. 76). As Bernard Bailyn has stated the situation throughout the colonies, "The
autonomy that comes from an independent, reliable, self-perpetuating income was
everywhere lacking. The economic basis of self-direction in education failed
to develop." (p. 44).

In sum, the power of colonial governments over their colleges derived from three
fundamental sources: the power to give or withhold a charter, the continuing powers
reserved for government within the charter, and the power of the public purse. Within
those constraints the colonies had the experience before the Revolution of having
created a group of colleges or "university colleges" similar in certain respects but
differing in others—and having created these institutions at the initiative or with the
encouragement of public authorities and powerful private constituencies. Such support
stands in marked contrast to the conspicuous lack of such encouragement, and indeed
the stubborn resistance or deeply divided responses, by political and ecclesiastical
authorities in England to the creation of new institutions of higher education, especially
and particularly those originating outside the Establishment, in the decades before 1830.
As noted above, the many dissenting academies created in England in the second half of
the eighteenth century never had the encouragement of central or local government, and
their failure to be fully acknowledged or gain a charter and the right to grant degrees
were among the factors leading them to short lives and a dead end, of no real use or
inspiration to those who created the new English colleges and universities in the next
century. By contrast, America's colonial experience provided a training in the arts of
establishing institutions of higher education. And the skills and attitudes necessary for
the creation of new colleges that were gained in the colonial period, along with the
models of governance provided by the colonial institutions, led (in a more favorable environment than England provided) directly to the proliferation of colleges and universities after the Revolution: 16 more between 1776 and 1800 that have survived to the president, and literally hundreds over the next half century, many of which did not (Robson, 1983).

EFFECTS OF THE AMERICAN REVOLUTION

Before 1776, the colonies displayed a stronger or at least as strong a connection between state and college as was apparent in the mother country, but the relationship changed drastically after the Declaration of Independence. In a formal sense, the Revolution transformed colonial governments into state governments and superimposed a national confederacy and then a federal government on top of them. However, at the same time the Revolution weakened all agencies of government by stressing the roots of the new nation in popular sovereignty, the subordination of the government to "the people," and the primacy of individual and group freedom and initiative. "The individual replaced the state as the unit of politics," writes Robert H. Wiebe, "and the Constitution and Bill of Rights confirmed this Copernican revolution in authority." And "unlike the eighteenth-century venture in building a society from the top down," American society after the Revolution "originated in a multitude of everyday needs that responded to the long lines of settlement and enterprise, not the imperatives of union." (1984, p. 353).

At least as important as this new conception of the relation of the citizen to State that emerged from independence was the opening of the frontier beyond the Alleghanies,
which gave many Americans a chance to walk away from the settled and "European" states that succeeded the old colonies, requiring them to create, indeed invent, new forms of self-government on the frontier (Elkins and McKitrick, 1968). Among the institutions of the frontier were new colleges, resembling the colonial colleges in some ways but differing in others, and linking the recently-opened territories to the original culture of the Atlantic. In the 25 years after the Declaration of Independence, of the 16 colleges that were established and have survived), no less than 14 were created on the frontier (Robson, 1983 p. 323). After 1800, the floodgates of education opened, and hundreds of institutions were established in both old states and new territories. Most of them were small and malnourished, and many collapsed within a few years of their founding. The reason for this explosion of educational activity was a change in the three conditions that had hitherto characterized government-college relations in the colonial period: restrictive chartering, direct interest by government in the administration of colleges, and public support of higher education.

The new states, both those which succeeded the old colonies and those carved out of the new lands in the West, did not give a monopoly to any single state college or university, reflecting the quite different relationship of state and societal institutions that emerged from the Revolution. The states granted charters much more readily than had colonies before the Revolution, and on decidedly different terms. Herbst tells of efforts in 1762 by Congregationalists dissatisfied with the liberal Unitarian tendencies of Harvard to create a Queen's College in western Massachusetts. The nation's oldest college and its Overseers opposed the proposal and prevailed, using the argument that
Harvard "was a provincial monopoly, funded and supported by the General Court for reasons of state" and "properly the College of the Government" (p. 136). The principle that reserved a monopoly to the "College of the Government," with its attendant rights and privileges, had to be overthrown for American higher education to break out of the restrictive chartering of higher education that had been historical practice. What is astonishing is not that it was subsequently overthrown, but that it was done with such ease as to scarcely occasion comment.

The ease with which new colleges were granted charters after the Revolution, and especially after the turn of the century, was both symbol and instrument of the triumph of society over the state that the Revolution had achieved. Charters were distributed rather promiscuously to any group that seemed prepared to accept responsibility for raising funds for a building and hiring a president.4 Despite the efforts of the Federalists, central government itself over time came not to be a dominant institution (alongside the churches), but merely one player in social life, and not a very important one at that. By the fifth decade of the nineteenth century, the national government was scarcely visible in American life: no national bank, no military worth mentioning, no taxes that a growing majority of citizens could remember paying its officials (Wiebe, p. 353). And even state governments, closer to the people and with constitutional responsibility for education, confined their role to serving as the instruments of groups and interests of the society at large, including groups which wanted to create colleges for a whole variety of motives, cultural, religious, and mercenary, in all weights and combinations.
LONG-TERM FEDERAL POLICY TOWARD HIGHER EDUCATION
SINCE THE REVOLUTION

The colonial period taught Americans how to create colleges and gave us diversity among them. The Revolution gave us freedom from central state power, and especially from the power of government, both federal and state, to prevent the creation of independent colleges and universities. But these new freedoms were reinforced and given substance through a further set of decisions that together have defined federal policy toward higher education from the founding of the Republic to the present. This policy, never articulated but defined by those decisions, has been to encourage the provision of higher education, broaden access to college and university to ever wider sectors of the population, apply the contribution of higher education to the practical work of society as well as to learning and scholarship—and to do all this without directly impinging on the autonomy of the institutions or on the constitutional responsibility for higher education reposing in the states. This policy paradoxically encouraged an active federal presence in higher education yet had the effect of driving power in higher education progressively further away from Washington, D.C., down toward the individual states, the institutions, and their individual members, students and faculty. It became a kind of continuing self-denying ordinance by which the federal government has acted to facilitate decisions made by others, rather than forcing its own decisions on the states, institutions, or members.
Five of these decisions since the Revolution were so significant as to warrant separate discussion:

1. The failure of George Washington and his immediate presidential successors to establish a national university in the District of Columbia;

2. The Supreme Court's decision of 1819 in the Dartmouth College case;

3. The Morrill, or Land Grant, Acts of 1862 and 1890, and the Hatch Act of 1887; and

4. The Servicemen's Readjustment Act of 1944, better known as the G.I. Bill.

5. The Education Amendments of 1972, which created the broad spectrum of federal programs of student aid that we have inherited, much expanded and amended.

Failure to Establish The University of the United States

Consider first the failure to establish a national university. The defeat of a proposal is a policy decision, and in the case of the failure of the proposed University of the United States, perhaps the most momentous in the history of American higher education.

A multiplicity of forces and motives lay behind the establishment of colleges and universities throughout our nation's history. Among these, as noted above, have been a variety of religious motives, a fear of relapse into barbarism at the frontier, the need for various kinds of professionals, as well as state pride and local boosterism, philanthropy, idealism, educational reform, even speculation in land, and in all combinations. But the resulting number and diversity of institutions, competing with one another for students, resources, and teachers, bringing market considerations and market mechanisms right
into the heart of an ancient cultural foundation—all this also required the absence of any central force of authority that could restrain it, that could limit or control the proliferation of institutions of higher education. The states could not be that restraining force; under the pressures of competition and emulation, they have tended throughout our history to create institutions and programs in the numbers and to the standards of their neighbors. Crucially important has been the absence of a federal ministry of education with the power to charter (or to refuse to charter) new institutions, and of a single pre-eminent university that could influence them in other ways.

The closest we came as a nation to establishing such a central force was the attempt first by George Washington, and then, though with less enthusiasm, by the next five presidents, to found a University of the United States at the seat of government in the District of Columbia (Trow, 1979). Washington, in fact, made provision for such a university in his will and pleaded strongly for it in his last message to Congress, where he argued that it would promote national unity—a matter of deep concern at a time when the primary loyalties of many Americans were to their sovereign states rather than to the infant nation. In addition, he saw the possibility of creating one really first-class university by concentrating money and other resources in it: "Our Country, much to its honor, contains many Seminaries of learning highly respectable and useful; but the funds upon which they rest are too narrow to command the ablest Professors, in the different departments of liberal knowledge, for the Institution contemplated, though they would be excellent auxiliaries" (Hofstadter and Smith, Volume I, p. 158).

Here, indeed, Washington was right in his diagnoses. The many institutions that
sprang up between the Revolution and the Civil War all competed for very scarce resources and all suffered to some degree from malnutrition. Malnutrition at the margin is still a characteristic of a system of institutions influenced so heavily by market forces. Defeat of the national university meant that American higher education would develop, to this day, without a single capstone institution. Had we instead concentrated resources in one university of high standard early in our national life, it might have been the equal of the great and ancient universities of Europe, or the distinguished new universities then being established in Germany and elsewhere. As it was, whatever the United States called its institutions of higher learning, the nation simply did not have a single genuine university—no institution of really first-class standing that could bring its students as far or as deep into the various branches of learning as could the institutions of the old world—until after the Civil War.

A national university would have profoundly affected American higher education. As the preeminent university, it would have had an enormous influence, direct and indirect, on every other college in the country, and through them, on the secondary schools as well. Its standards of entry, its curricula, its educational philosophies, even its forms of instruction, would have been models for every institution which hoped to send some of its graduates to the University in Washington. A federal system of high standard would surely have inhibited the emergence of the hundreds of small, half-starved state and denominational colleges that sprang up over the next century. They simply could not have offered work to the standard that the University of the United States would have set for the baccalaureate degree, and demanded of applicants
to its own postgraduate studies. In the United States, after the defeat of the University of the United States, no one has challenged the principle of high academic standards across the whole system because no one has proposed it: there have been no common standards, high or otherwise. And in that spirit, we have created a multitude of institutions of every sort, offering academic work of every description and at every level of seriousness and standard.

The Dartmouth College Case

Another major event in the early history of the Republic had powerful effects on the shape and character of American higher education as we know it today: the 1819 decision of the Supreme Court in the Dartmouth College case (Whitehead and Herbst, 1986). It was a landmark decision in that it affirmed the principle of the sanctity of contracts between governments and private institutions. In so doing, it gave expression to the Federalist belief that the government should not interfere with private property even for the purpose of benefiting the public welfare. John Marshall, then Chief Justice of the Supreme Court, had written earlier: "I consider the interference of the legislature in the management of our private affairs, whether those affairs are committed to a company or remain under individual direction as equally dangerous and unwise." That anti-statist position today sounds deeply conservative; but from another perspective it is radically libertarian and had broad and liberalizing effects on higher education. Marshall and his colleagues on the Court decided in the Dartmouth College case that a charter of a private college or university was a contract which a state could not retroactively
abridge. And that had important repercussions both for the growth of capitalist enterprises and for the future development of higher education in the United States.

The rationale for the proposed changes in Dartmouth’s charter was the plausible argument that, as the college had been established (though as a private corporation) to benefit the people of New Hampshire, this could best be accomplished by giving the public, through the state legislature, a voice in the operation of the institution. The state wanted to improve the college as a place of learning by modernizing its administration, creating the framework for a university, and encouraging a freer, nonsectarian atmosphere conducive to republicanism.

These goals were very much in the Jeffersonian tradition that encouraged the creation of "republican" institutions--by the states--to meet the needs of a new nation. In this spirit, in 1816 the New Hampshire legislature had passed a bill giving the state government broad powers to "reform" Dartmouth. Chief Justice Marshall, ruling in favor of the college trustees, declared that state legislatures were forbidden by the Constitution to pass any law "impairing the obligation of contracts," and that the Charter originally granted the college was a contract (Hofstadter and Smith, Volume 1, p. 218). In many ways Marshall's opinion followed the traditional view of the role of educational institutions in English society.

The Dartmouth College decision, preventing the state of New Hampshire from taking over the college, sustained the older, more modest role of the state in educational affairs against those who looked to the government to take a greater role in the working of society and its institutions. Marshall’s decision had the practical effect of safeguarding
the founding and proliferation of privately-controlled colleges, even poor ones.

Thereafter, promoters of private colleges knew that once they had obtained a state charter they were secure in the future control of the institution. After this decision, state control over the whole of higher education, including the private sector, was no longer possible.

The failure of the University of the United States and the success of Dartmouth College in its appeal to the Supreme College were both victories for local initiative and for private entrepreneurship. The first of these set limits on the role of the federal government in shaping the character of the whole of American higher education; the second set even sharper limits on the power of the state over private colleges. Together, these two events constituted a kind of charter for unrestrained individual and group initiative in the creation of colleges of all sizes, shapes and creeds. Almost any motive or combination of motives and interests could bring a college into being between the Revolution and the Civil War; and thereafter its survival depended largely on its being able to secure support from a church, from wealthy benefactors, from student fees and even perhaps from the state. The colleges thus created were established relatively easily, but without guarantees of survival. And as a result, there arose a situation resembling the behavior of living organisms in an ecological system--competitive for resources, highly sensitive to the demands of the environment, and inclined, over time, through the ruthless process of natural selection, to be adaptive to those aspects of their environment that permitted their survival. Their environment also has included other colleges, and later, universities. So we see in this frog pond a set of mechanisms that we usually
associate with the behavior of small entrepreneurs in a market; the anxious concern for what the market wants, the readiness to adapt to its apparent preferences, the effort to find a special place in that market through the marginal differentiation of the product, a readiness to enter into symbiotic or parasitic relationships with other producers for a portion of that market. That is, to this day, the world of American higher education.

The 1862 Morrill Act

The Morrill Act, which created the land-grant colleges and universities, is indeed a landmark in American higher education. It was very far from being the first provision of support for higher education by central government through grants of government-owned land; indeed, under the Articles of Confederation the Northwest Ordinance provided for tracts of land to be set aside for the support of institutions of higher education in the Western Reserve. Ohio University among others was a beneficiary of such an early grant. But the Morrill Act provided support on an altogether different scale; in 1862 the federal government gave land to the states for the support of colleges and universities of an area equal to the whole of Switzerland or the Netherlands, about 11,000 square miles. And it did this in the most extraordinarily permissive way. The Act made no fixed requirements as to type of institution, or beyond broad designations of fields of study, as to content of instruction. The only positive obligations were to dispose of the land or scrip, in manner or on terms left to state discretion; maintain the fund as a perpetual endowment invested at 5 percent; devote the income to one or more institutions which, while including the traditional college subjects,
must provide instruction in agriculture, mechanic arts, and military tactics; and make an annual report on the results (Ross, 1943, p. 68).

The beneficiaries of the Act were whoever the states decided they should be—among them Cornell in New York, M.I.T. in Massachusetts, and Yale's Sheffield Scientific School in Connecticut. In some states the money went to an existing state-supported institution; in California, the University was created through a merger of an existing private liberal arts college with the land-grant endowment. In both Oregon and Kentucky it went to denominational colleges that remained under church control (Ross, p. 75). In many other states, especially in the South and West, a new "A&M" college was created to be the beneficiary of the land-grant fund.

But basically, the federal government put the money—or at least the scrip—on the stump and walked away, partly because there was no federal educational bureaucracy to provide for federal direction and control of state policy, and partly because there was no consensus about what these institutions should look like, or should be doing. Indeed, very sharp differences developed in Congress and outside it about the relative emphasis to be placed in these new institutions on pure or applied science, on practical experience and manual work, or on the old classical curriculum. The federal government's solution was to allow these contending forces to fight it out in each state. The result, needless to say, was various and messy, marked by ineptitude and corruption in places, confusion almost everywhere, but also by great imagination, creativity, and even genius—as illustrated by the vision of Ezra Cornell and Andrew Dixon White in New York. Some states got 50 cents an acre for their land, others ten times that much, and the variation in
educational practice and academic standard was of the same order of magnitude, adding to the already high level of diversity in American higher education.

The question may be asked what the results might have been of trying to create a tidier system, more rationally coordinated, marked by a clearer common sense of academic direction, higher academic standards, more highly qualified and better paid staff, better prepared students, and more adequate initial funding for buildings and equipment. We are, of course, describing the creation of the modern European university systems—and they have been trying to break out of the straitjacket of those constricting commitments and structures since the end of World War II, with great difficulties and only partial success.

The G.I. Bill of 1944

We now rightly think of the Servicemen's Readjustment Act of 1944—the original G.I. Bill—as one of the best things that ever happened to American higher education. It broadened the idea of college-going enormously; it moved the enrollment rate from 15 percent of the age grade in 1939 toward 50 percent or more currently; and it brought a seriousness and maturity to undergraduate classrooms that were not accustomed to it, and which they have never quite lost.

But no one at the time it was debated expected it to be quite as successful as it was. Most estimates during the debates were that perhaps 800,000 veterans would take advantage of the program. By 1956, when the last veteran had received his last check, 2.25 million veterans had attended college under its auspices (Olson, 1974, p. 43). In
contrast, the United Kingdom had a comparable program, the "Further Education and Training Scheme," which raised university enrollments from about 50,000 before World War II to 80,000 shortly after the war, causing great concern in the Ministry of Education regarding a possible decline in standards (Preston and Preston, 1974). In the U.K., that problem was met by raising standards for entry to the universities steadily after the war. As a result, the proportion enrolled in British higher education in 1987, (14 percent of the age grade), was roughly the same as the proportion enrolled in American colleges and universities 50 years earlier.

Two features of the G.I. Bill deserve particular emphasis:

First, veterans could take their tuition payments and stipends anywhere they wished, certainly to any accredited college or university that would accept them, and to many other non-accredited postsecondary education institutions, too. Again there were irregularities at the edges: some corruption, some institutions that took tuition money without doing much teaching, whose students enrolled for the modest stipends provided. But again, we must consider the costs of closing those loopholes; the proliferation of forms and surveillance, the steady pressure to rationalize and standardize in order to make assessment, management and credentialing easier. The federal government accepted the probability of abuse of the legislation, perhaps recognizing that rationalization in higher education as elsewhere is the enemy of diversity. And, as we have seen, federal policies on the whole have consistently favored diversity.

Second, one crucial provision of the G.I. Bill stipulated that "no department, agency, or officer of the United States, in carrying out the provisions [of this Act] shall
exercise any supervision or control, whatsoever, over any State, educational agency . . . or any educational or training institution" (Olson, pp. 17-18). Of course, that is in the tradition of our Constitutional reservation of responsibility for education to the states. But beyond that, we see here the same self-denying ordinance--the sharp separation of financial support from academic influence--that marked earlier federal policy, and that became the model and precedent for the Education Amendments of 1972 and thereafter, which provides substantial non-categorical need-based federal aid to students by way of grants and loans.

The Education Amendments of 1972

The federal legislation on education passed in 1972 established higher education as a national priority in its own right. Various agencies of the federal government were already providing support for targeted issues, such as science laboratories and libraries, and for targeted groups of students, as through fellowships for graduate students in certain areas deemed vital to the national security or economic welfare. But during the late sixties and early seventies, broad support developed for greatly expanded federal aid for higher education, both to institutions undergoing rapid growth, and to encourage further expansion of access, especially to groups historically underrepresented in higher education.

Most of the major organizations in higher education came out strongly in favor of direct unrestricted aid to the colleges and universities themselves. But key members of Congress, and the influential Carnegie Commission on Higher Education led by Clark
Kerr, argued strongly for federal support in the form of need-based aid to students rather than block grants directly to the institutions linked to enrollments.5 The tradition of the G.I. Bill was surely an element in the debate, but the driving motivation of those in favor of federal support in the form of student aid was the wish to increase the power of the students in the market, and thus encourage the responsiveness of the institutions to changing patterns of student demand. The Amendments as enacted in fact centered on student aid; while continuing certain earmarked provisions for the institutions (such as support for college libraries and for the construction of certain academic facilities), the largest part of the new programs took the form of federal grants and guaranteed loans to students, with special attention to needy or disadvantaged students. But this was now broad-spectrum student aid, not limited to particular fields of study or professions.

That the legislation took the form it did almost certainly enabled it to survive periodic budget cuts and changes of political mood in Washington, by creating a large stable voting constituency of greater weight to politicians than the leadership of the higher education world itself. But closer to the motivations of those who wrote the legislation is the fact that federal support in the form of student aid is the surest way of defending the autonomy of institutions of higher education against the leverage that block grants would have given to the federal government when, in time, it surely would have wanted to exert its influence over those institutions.

Over time further legislation has extended federal student aid to broader segments of the society, and substituted loans for grants for most of the students aided. But while many of the provisions for institutional aid have been phased out over the last
two decades, student aid remains the largest element of the federal role in higher education, alongside the equally crucial support provided by federal agencies to university based research.

How did these five decisions, taken together, constitute a policy, and why, in retrospect, might one think of them as "successful"? I suggest that in each case the decision contributed to the diversity of American higher education—a diversity of type, of educational character and mission, of academic standard, and of access. In each case, public policy tended to strengthen the competitive market in higher education by weakening any central authority that could substitute regulations and standards for competition. It accomplished this by driving decisions downward and outward, by giving more resources and discretion to the consumers of education and the institutions most responsive to them; they strengthened the states in relation to the federal government, as in the defeat of the University of the United States and the passage of the Morrill Acts; the institutions in relation to state governments, as in the Dartmouth College case and the Hatch Act; and students in relation to their institutions, as in the G.I. Bill and the Education Amendments of 1972.

CURRENT EXPANSION OF FEDERAL INTERVENTIONS

From the early land-grants to speculators encouraging settlement in the North Territories to the latest Pell grants to needy students, the federal government's central policy has been to expand and extend access to higher education more and more widely
throughout the society. And since World War II, the federal government, with an expressed interest in the economic and military strength of the nation, has been the major source of support of both basic and applied research in the universities. These commitments of funds, directly to researchers and students, are still the largest and most visible forms of federal involvement in American higher education, the extent of which is sketched above. There is also the substantial but largely hidden subsidy provided by the federal government (and most state governments as well) through provision in the tax code for full deduction for income tax purposes of contributions to institutions of higher education (along with most other kinds of non-profit "charitable" institutions). A further subsidy in the tax code gives parents a dependent's exemption for children who are full-time college or university students for whom they provide more than half the support.

In the past three decades the federal government has extended its interest in higher education in ways that reflect the central role that this institution now plays in American society and the economy. Some of these further interventions reflect the hugely increased size of the federal role in support for research since the end of World War II. The federal government's decisions about how to allocate its research support funds now affect the whole shape and direction of American science.

One set of issues centers around the competitive claims of "big science"--such enormous and expensive enterprises as the superconductor-supercollider, the plan to map the human genome, the launching of the Hubble telescope, and the exploration of space--and the ordinary claims of university-based researchers doing studies on their own
initiative individually or in small teams. Big science is necessarily competitive with small science for funds; but its decisions are each so expensive and consequential that they inevitably bring political considerations (and pressures) into the heart of the scientific decision-making process. Efforts continue to be made to insulate these decisions from the most crass political forces, and to make them "on their merits," but these mechanisms are strained by the traditions of state competition for federal funds in the Congress and the White House, the traditions of political deals and pork-barrel legislation in a populist society.

Until recently, the nature and administration of research overhead funds, paid by the federal government as part of their grants and contracts with university researchers, would have nicely illustrated my theme of the federal government's self-denying principle with respect to American higher education. These overheads, intended to reimburse the universities for the costs of maintaining the research facilities in which the federally-funded scientific work was done, were negotiated with the individual universities, public and private, and then very loosely monitored, in ways that suggested that government funders of research were primarily interested in supporting the infrastructures of research without trying to manage them. The recent embarrassing revelations of inappropriate and (in part) illegal charges for overhead costs at Stanford threaten to change this older, looser relationship between the universities and their federal funding agencies, not just for Stanford but for the whole universe of research and universities (Science, 1991, p. 1430). The case has also brought committees of Congress (and their staff members) directly into the overhead picture. To a considerable degree,
the freedom of American colleges and universities from the kind of close governmental oversight familiar in other societies has been based on a relatively high degree of trust on the part of American society (and its governmental institutions) in higher education. If that trust is eroded through such scandals as at Stanford, the autonomy of universities may be similarly eroded. It is too early to tell the effects of this event on the larger question of the relations of higher education with agencies of the federal government.

Some observers of federally funded research believe that we may already have reached the point of no return. In an editorial in *Science*, Philip Abelson observes that:

A particularly dismaying feature of the government-university interface is that relationships continue on a long-term course of evolving deterioration. In the early days after World War II, there was a high degree of mutual trust and an absence of bureaucratic requirement. Scientists had freedom to formulate and conduct their programs of research. Later the bureaucrats took over and placed emphasis on project research with highly detailed budgets and detailed research proposals. That, of course, is the road to pedestrian research (1991, p. 605).

And he cites the proliferation of administrative requirements and regulations as a serious drag on the freedom and quality of scientific work in the universities.

In recent decades the federal government--through all three of its branches--has become increasingly active in connection with its interest in the protection of the civil rights of citizens, most notably in relation to possible forms of discrimination against
racial and ethnic minorities, women, and other vulnerable groups in American colleges and universities. These activities, affecting such issues as the confidentiality of academic personnel files, the monitoring of student admissions and faculty appointment and promotion practices, the protection of human subjects in scientific research, and many rules and regulations governing federally funded research, have by-passed state agencies and brought the federal government directly into the daily life of the colleges and universities.

These developments are at odds with the pattern of federal support without the exercise of substantial directive power that I have suggested has been the historical relation of the federal government to American higher education. One can see those developments as dramatic but limited changes in policy, leaving issues of basic character and mission of American colleges and universities to their own governing boards and state authorities. Others may see these developments and tendencies as marking a sharp change in the character and direction of federal policy in the realm of higher education, associated with the federal government’s increased role as protector of civil rights (whose definition has been broadened by federal courts in recent decades), and also with the sheer growth in the size, cost, and national importance of the education, training and research done in American universities and colleges. It remains to be seen whether a decline in public trust in the institutions of higher education, or the federal government’s legitimate interest in the defense of equal rights for all citizens, will lead to fundamental changes in what has been a unique and fruitful three-cornered relationship between American colleges and universities and their state and federal governments.
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1. Looking at trends in state support over the past decade, it is clear that many states cut their support for public colleges and universities during the severe recession of 1980-82, but that thereafter the levels of state support tended to rise about as fast as the economic recovery and rising revenues permitted. State tax funds for the operation of higher education (this does not include capital costs) were nearly $31 billion for 1984-85, up 19 percent over 1983-84 (Evangelauf, 1985). By 1990 the states were spending nearly $41 billion on operating expenses for higher education, up 23 percent (adjusted for inflation) over 1980-81. The current recession is causing a decline, not in state spending in higher education, but in the rate of growth of state spending. Spending on higher education by the states in 1990-91 was 11.6 percent higher than two years earlier; but this was the lowest rate of increase in state support for higher education in 30 years (Chronicle of Higher Education, 1990b, p. 1).


3. At Harvard, for example, the charter of 1650 "exemplified a carefully wrought compromise between a medieval tradition of corporate autonomy and a modern concern for territorial authorities over all matters of state and religion. The former was
preserved, even though weakly, in the Corporation; the latter was institutionalized in the Board of Overseers" (Herbst, 1982, p. 16).

4. On the founding of Allegheny College in western Pennsylvania in 1815, see Rothblatt and Trow, pp. 14-17.

5. For a discussion of the debate in Congress and elsewhere leading up to the passage of this law, see Finn, 1978, especially. pp. 121-128.