

# The US Higher Education System: An Introduction for International Students and Scholars

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**Abstract:** This introduction begins with a brief rendition of the complexity of American higher education and some of the elements of confusion and possible misunderstanding. It deals with the size and structure and then with the allocation and apportionment of authority for both public and private higher education among the federal government, the 50 state governments, governing boards (both for systems and for individual colleges and universities), and with the authority of faculty senates and institutional management. The introduction ends with a brief discussion of the most nearly unique features of American higher education

The system of higher education in the United States is complex and not always well understood, even by Americans. Not surprisingly, therefore, it can appear incredibly complicated to the international student or scholar—even to one who has studied previously in the United States. The reasons for this complexity are due to a number of features, many of them related, such as:

- The sheer size and diversity of the US higher education enterprise, measured in the number of institutions, their diversity, and in the great number of full- and part-time students.
- The fact that US higher education (like elementary and secondary education) is under the authority of the 50 states, not of the national (sometimes called the *federal*) government—in spite of the fact that the US does have a federal executive agency, the U.S. Department of Education, which is headed by a cabinet-level officer (something like a *minister*), but with significant authority only over federally funded student financial assistance.
- The existence of an extensive and significant private non-profit sector that includes many of the most prestigious, well-funded, and well-known institutions such as Stanford, Harvard, Yale, and the Universities of Pennsylvania and Southern California, as well as many of the smallest, most financially precarious, and least prestigious colleges and universities.
- The very great autonomy of virtually all colleges and universities, public as well as private, due to varying degrees of *corporatization* within the public institutions and public multi-campus systems by which most state governments have delegated to institutional and system governing boards elements of authority similar to public and private corporations generally.

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- The sometimes confusing nomenclature of US higher education, which is exacerbated by the lack of national regulations and the unevenness of state regulations over how institutions, public and private alike, are allowed to present themselves. For example, the term *college* as used in the United States most commonly refers to institutions of higher education that grant two or four-year (associate's or bachelor's) degrees and sometimes master's degrees, but not the Ph.D. or advanced professional degrees associated in Europe and most of the rest of the world with *universities*. College may also refer to the strictly undergraduate student body of a university (as in *Harvard College* of Harvard University). In a very different sense, it is may be used to designate a faculty or school within a university, as in a *College* of Arts and Sciences. At the same time, many institutions in the United States that do not grant PhDs and that prioritize teaching far ahead of research—which in most countries would be called *colleges*—are allowed by many US states to call themselves *universities*. And a few that are clearly universities continue to use the term *college*: for example Dartmouth College or Boston College.<sup>1</sup>
- Another term that is sometimes confusing is the designation of the head of a college or university—similar to the *rector* of a European university or the *vice chancellor* of a university in the United Kingdom and other commonwealth countries—as either a *president* or a *chancellor*. In fact, the terms are totally interchangeable. In most public multi-campus college and university systems, one is generally used to designate the head of the system and the other the head of an institution.<sup>2</sup>
- The great competition and changing fortunes among institutions both for the most academically able students and the most promising faculty scholars. This competition is encouraged by the absence of national authority over, and the corporatization of, public universities—in contrast to many European countries in which all universities, at least in theory, are supposed to enjoy the same degree of favor and prestige.

The following brief introduction to higher education in the United States describes some of the essential features of higher education in the United States, and identifies some of those that are most nearly unique and that may be most frequently misunderstood or not be recognized at all by the visitor from another country.

### **The Size and Structure of US Higher Education**

Higher (or postsecondary) education in the US is large—whether measured in absolute numbers of institutions, enrollments, expenditures, percentage of the Gross Domestic Product consumed, or in the pervasive role it plays in American society and in the “coming of age” of most American youth. For example, the US Office of Education’s *Digest of Education Statistics* for 2011/12 reported some 4706 degree-granting colleges and universities (including branch campuses), which included 1649 public 2- and 4-year institutions (the latter including both colleges and universities), 1653 private non-profit colleges and universities, and 1404 private for-profit, or proprietary, colleges ( plus many

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<sup>1</sup> The United States Office of Education avoids the confusion by calling all institutions that grant bachelor's, master's or doctoral degrees *4-year institutions*, setting them apart from *2-year institutions*.

<sup>2</sup> In the University of California system, for example, the head of the system is *president*, while the head of the separate institutions are *chancellors*—the opposite of the nomenclature used in the State University of New York System.

more non degree-granting proprietary schools awarding certificates and diplomas of varying kinds and durations.<sup>3</sup> Enrollments in the fall of 2011 numbered some 21,557,258, counting full- and part-time as well as degree- and non-degree, students in public, private non-profit, and private for-profit schools that were accredited and eligible for federal financial assistance for their students.

The US Office of Education in its *Digest of Education Statistics* classifies degree-granting institutions of higher education in only two dimensions: either 2-year or 4-year (the latter lumping together institutions offering bachelor's, master's, graduate, and advanced professional degrees), and then either public, private non-profit, or private for-profit. This 2 x 3 system provides the government with a nearly unambiguous, simple, and politically safe way of institutional classification. However this way purposefully obscures most of the institutional differences that students, parents, scholars and most observers consider significant—such as undergraduate selectivity and scholarly reputation—but that are changeable over time, partly subjective, and may be open to institutional manipulation. At the same time, a system of institutional classification that assigns each of the 4000+ degree-granting institutions in the United States to one and only one classification is exceedingly difficult because of the great and ever changing diversity and overlapping characteristics of institutions as they seek financial stability, more student applicants, and greater prestige (the latter being a function both of student selectivity and faculty scholarly prestige).

The non-governmental Carnegie Foundation for the Advancement of Teaching in 1970 created a more richly differentiated system of classifying colleges and universities that has been updated and enlarged many times, most recently in 2010. The current system begins with a basic classification framework as follows:<sup>4</sup>

- *1920 Associate's Colleges*, granting 2-year associate's degrees, a few of which also give a very small number of bachelor's degrees (not exceeding 10% of the total number of degrees) and also some short term certificates. The public institutions are usually called *community colleges* and cater mainly to local commuting students, although many are acquiring residential facilities and even recruiting international students. The associate colleges include 1054 public, 114 private non-profit, and 752 private for-profit institutions.
- *297 Doctorate-Granting Institutions*, granting at least 20 research doctorates (mainly the Ph.D. and not counting professional doctorates such as medicine, veterinary or law (although most of the professional doctorates are given by universities classified as doctorate granting). The doctorate-granting universities are subdivided<sup>5</sup> into:
  - 108 *very high research activity*: signifying the most research oriented and generally the most academically prestigious universities, including 73 public and 35 private non-profit institutions.
  - 99 *high research activity*, including 74 public and 25 private non-profit universities; and

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<sup>3</sup> National Center for Education Statistics, *Digest of Education Statistics 2012*, Table 306 Degree-Granting Institutions, <<http://nces.ed.gov/programs/digest/>> downloaded October 2013.

<sup>4</sup> Carnegie Classification downloaded October 2013 <http://classifications.carnegiefoundation.org/summary/>

<sup>5</sup> The *very high* and *high research* categories replace the earlier research university classifications of *research extensive* and *research intensive*, and the even earlier classifications of R1, R2, and R3.

- 90 *research* institutions, signifying the requisite number of doctorates granted, but also signifying minimal research activity, including 30 public, 49 private non-profit, and 11 for-profit universities.
- 724 *Master's Institutions*, all of which also award bachelor's degrees, but also includes institutions awarding fewer than 20 research doctorates. This is close to the common but imprecise designation of *comprehensive colleges and universities*. This Carnegie classification includes 271 public, 380 private non-profit, and 73 private for-profit institutions.
- 810 *Baccalaureate Colleges*, granting mainly bachelor's degrees, although some also grant a small number of associate's and / or master's degrees. These institutions can be subdivided in a number of way, including by the dominant academic program orientation (i.e., liberal arts or pre-professional) or the undergraduate profile, which looks at the proportion of full-time students, the proportion of students transferring from other institutions, and achievement characteristics (i.e. entering test scores of full-time entering students). The Carnegie classification revised and updated in 2010 contains 137 public, 534 private non-profit, and 139 private for-profit colleges.
- 549 *Special Focus Institutions*, including institutions specializing in medicine, law, engineering, technology, or other professional areas. This classification category includes 41 public, 267 private non-profit, and 241 private for-profit institutions.
- 32 *Tribal Colleges* (members of the American Indian Higher Education Consortium), including 24 public and 8 private non-profit.
- 302 *Faith Institutions*, with explicit religious orientations, all of them private non-profit.

In addition to the Carnegie Classification are the privately published lists of so-called *leading* colleges, *leading* universities, or *leading* graduate schools and programs, which are privately compiled and sold to prospective students and their families searching for an institution that meets their criteria, which may include price, selectivity (a proxy for prestige), particular academic programs, size, proximity to home, or urban or rural location. Many scholars and other observers believe such rankings, or *league tables*, overly privilege institutional wealth, undergraduate selectivity, and the scholarly reputation of the faculty and reveal little or nothing about the nature of the curriculum or the student body, the quality of teaching, critical metrics such as persistence and completion, or learning outcomes.

The principal *first degree* in the US is the bachelor's degree (sometimes called a baccalaureate), which can be obtained after about four years of full-time study—although more and more US student are taking longer, reflecting the propensity and the ease both of attending part-time and also of dropping out for periods of time, frequently then changing institutions and carrying the credits earned to be applied toward a degree at another institution. This considerable variation in the pace of study is made possible by virtue of the US higher education undergraduate degrees being awarded on the basis of an accumulation of *courses*, or units of study: e.g. the Plays of Shakespeare, or Introductory

Microeconomics, or Advanced Cell Biology. Each course represents an amount of work, or a presumed volume of learning, that can be acquired by the average successful student devoting about three hours a week of in-class time (lecture or seminar or a combination of both) as well as approximately double that amount of time outside of class in the library or laboratory or time spent reading and writing at home or in the dormitory, altogether for about 15 weeks. Each course is assigned *credits* reflecting the required number of in-class hours per week and making the standard 15-week course worth either three or four *credits*. In this way, a standard full-time undergraduate load would be four 4-credit or five 3-credit courses for two semesters of approximately 15 weeks each in the eight or nine month academic year. At that pace, the bachelor's degree would be awarded after approximately four years, or eight semesters, or 120+ course credits of academic work.<sup>6</sup>

It is this course and credit-based system that makes possible transferring both between institutions (and carrying along the course credits earned) and the common pattern of beginning a baccalaureate degree by first attaining a fully transferable, 60-credit associate degree from a two-year community college. It also makes possible the pattern of attending part-time, as well as "stopping out" for a semester or two or even for many years (as with a woman stopping to raise a family). Similarly, this course and credit system combined with the large number of four-year, highly selective, baccalaureate degree liberal arts colleges makes possible the uniquely American division between undergraduate and graduate or advanced professional programs. In the US, the advanced professional programs such as medicine, dental medicine, and the other advanced health professions as well as law, and management (i.e., the Master's in Business Administration) are post-bachelor's, or *graduate*, degrees and are often taken at a different university than the one at which the undergraduate work was done.

The US is probably the world's leader in graduate education: that is, at the level of the Ph.D. and the advanced professional degrees. At the same time, US undergraduate education as a whole may be among the most accessible in the world, with millions of American youth with little academic preparedness still having a chance of entering some kind of degree-granting college (and sometimes three or four chances) who would not have such a chance in many countries in the world.

### **Authority and responsibility for US higher Education**

Higher education in the United States is the responsibility of the states rather than of the national (or *federal*) government. Thus, with insignificant exceptions (such as the military service academies and some Native American tribal colleges), public higher education is owned and controlled by the 50 states. The large and significant US private higher education sector, too, is under the legal jurisdiction of the states. Approximately 59 percent of the colleges and universities, enrolling about 20 percent of all students, are private non-profit, among which are most of the most prestigious and academically-

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<sup>6</sup> The course and credit system of awarding degrees has come under increasing scrutiny in 2014 by those who would award credits on the bases of examinations or other means of demonstrating learning or proficiency. The impetus behind this scrutiny includes rising concern over traditional (and many claim excessive) instructional costs, a perceived need to recapture those who have dropped out of conventional colleges and universities, and the increasing efficacy of on-line learning.

selective colleges and universities, but which also include many of the least selective (essentially open-admissions) institutions.

The federal Department of Education has three critical functions that apply equally to public and private institutions: (1) the provision of student financial assistance, mainly in the form of need-based grants and federally-guaranteed and slightly subsidized loans that are fully portable to most post-secondary institutions, public and private;<sup>7</sup> (2) oversight over (but not operating responsibility for) the accreditation of colleges and universities; and (3) the maintenance of an extensive database, including annual surveys of institutional finances, enrollments, and degree programs, as well as longitudinal studies of student interests and college-going behavior. In addition, the federal government assumes financial responsibility for the funding of most basic research. It does this through several federal departments and agencies, especially the National Institutes of Health, the National Science Foundation, The National Aeronautics and Space Administration, and the federal Departments of Defense, Agriculture, and Health and Human Services.

### **Governance of higher education in the United States**

Governance is the process by which institutional and state policies on higher education are established. (*Management*, on the other hand, constitutes the execution of these policies, or the day-to-day operation of the college or university.) Governance in any country involves the interplay of two organizational forces. The first is *authority*, which is the legally enforceable ability to command and control, as might be possessed in the case of higher education by parliaments, ministers, other high-ranking governmental bureaucrats, or by governing boards, especially in the United States, most of such authority then being delegated to the presidents or chancellors. The other is *influence*, which is the ability to shape policy and alter the behavior of individuals (and therefore of institutions) less through authority and more through expertise, tradition, control of information, proximity to those in authority, or the ability to persuade.

Authority in US private higher education is in the hands of governing boards, usually called boards of trustees, composed of men and women of prominence, and frequently possessing sufficient wealth to donate philanthropically to the institution as well as the social and civic position to influence others to do likewise. They are very often alumni, serving without compensation because of their interest in, and affection for, the college or university and for the honor that comes from such service. Boards of trustees of private non-profit colleges and universities are the legal owners of the institutions, acting as trustees on behalf of those who have gone on before and endowed the institution. Unlike owners or stockholders of private for-profit college, trustees of private non-profit institutions are not allowed to benefit financially from this ownership.

Authority in US public institutions is similarly in the hands of governing boards, rather than ministries (in the US generally called state departments of education). These public governing boards are usually appointed by the governor and approved by the state legislature (in a few states directly elected). The public governing board represents the

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<sup>7</sup> Federal student assistance (loans, grants, and tax-assistance) accounted in 2011-12 for an estimated \$49.321 billion in grants and \$105.283 billion in loans—in addition to an estimated \$18,179 billion in tax benefits (College Board, *Trends in Financial Aid 2012*, Table 1).

needs of the public in general and of the state government to the institution; but it also represents the needs of the institution to the government—most importantly for an adequate share of public revenues.

A governing board's responsibilities are to: (a) set and (prudently) to alter broad institutional policies; (b) address the system's or the institution's revenue needs and to assure fiscal prudence and accountability; (c) appoint (usually with significant input from the faculty and other constituents such as staff, students, and alumni) a chief executive officer; (d) support, evaluate, and if ever necessary, remove the president or chancellor; and (e) in the meantime delegate to this officer all executive tasks. A governing board can shield the chief executive officer—who is more often than not appointed from outside of the institution—at least somewhat from the faculty, who have considerable influence but little formal authority and who tend to resist change and to be wary of those in authority. In the case of a public institution, the board, at least in theory, is supposed to shield the president or chancellor from the vicissitudes of state politics.

At the same time, in spite of their limited *authority*, faculty members of a US college or university, like those in nearly all countries, have very great *influence*, especially over the curriculum, the establishment or disestablishment of programs, the appointment of department chairs and deans, the appointment and promotion of their faculty colleagues, academic standards, and over that which is to be researched and how the findings are to be disseminated. The most eminent faculty, particularly at the top research universities, have additional influence stemming from the great mobility of US faculty: that is, their ability to accept another offer (or to negotiate a better arrangement from their present institution) either for salary, promotion, equipment, or a more prestigious academic setting.

Most US public colleges and universities are parts of multi-campus systems. A system may encompass sectors—as in research universities, comprehensive colleges, and community colleges—or it may encompass all institutions state-wide, or may cover institutions within a region of the state. Systems are governed by a single board, the members of which, depending on the state, may be appointed by the governor, elected, or serve *ex officio* (e.g. the head of the system-wide faculty senate). System administration is through a single chief executive system officer called either *chancellor* or *president* (whichever term is not used in that system to designate the campus heads). The system governing board selects the system head, sets broad system policies, allocates public resources among the constituent institutions (within whatever latitude is allowed by the state), appoints the campus heads (on the recommendation of the system head, and generally with the advice of the faculty and sometimes of a separate campus advisory board), and establishes, reaffirms, or alters the missions and programs of the constituent institutions. The separate institutions, then, with their own presidents or chancellors and their own faculty senates and other institutional governing arrangements, hire and promote their own faculty, admit their own students, establish (consistent with system policies) their own programs, standards, and curricula, expand their resources by attracting donations and research contracts, and allocate these resources, together with the revenues from the state and from tuition fees, among the various competing departments and other needs.

## Costs and expenditures, in US higher education

As would be expected given the size and wealth of the United States, the number of institutions and the total enrollments, the aggregate expenditure of all US colleges and universities, public and private, is enormous: more than \$448.5 billion in 2011-12.<sup>8</sup> This aggregate includes expenditures on instruction, sponsored research, operations and maintenance of the physical plant, auxiliary enterprises (institutionally-provided food and lodging), university hospitals and clinics, and public service. A more illuminating number for comparative purposes is the per-student expenditure on instruction alone, which controls for differences in size and omits sponsored research, auxiliary enterprises, hospitals, public relations, and other expenditures that vary greatly among institutions but have little to do with the core mission of teaching. (Sponsored research and hospitals alone, for example, counted for more than \$89 billion of the 2011-12 aggregate expenditures.)

Like all averages, however, the average per-student instructional cost for all US colleges and universities masks enormous variation among 2-year community colleges, bachelor's degree colleges, and research universities, and within these sectors among individual institutions. In addition, the US Office of Education's Center for Education Statistics, which collects such data from institutions, has devised protocols for collecting and aggregating revenue and expenditure data for public bachelor's, master's, and research universities into the single category of *4-year institutions*, thus obscuring the enormous variations between and within public colleges and research universities. Nevertheless, such data, with the above caveats, is still useful in looking at instructional expenditures of US colleges and universities and the variances among public, private non-profit, and private for-profit, as well as between 2-year and 4-year institutions. Instructional expense data as reported by the Center for Education Statistics for 2011-12, for example, shows per-student spending on instruction in 2011-12 for:

- *Public 4-year colleges and universities*: spending \$9133—essentially unchanged from 2004-05 and down in constant dollars from a high of \$9888 in 2008-09 (reflecting the Great Recession of 2008 and the financial problems of state governments that are unable in the US to deficit finance and must thus reduce expenditures when revenues decline in an economic downturn).
- *Public 2-year community colleges*: spending an average of \$4405 on per-student instruction—down from a high of \$5004 in 2007-08, reflecting the even greater financial vulnerability of community colleges in times of fiscal stress.
- *Private non-profit bachelor's degree colleges*: spending an average of \$10,174 on per-student instruction (keeping in mind the very great variation in wealth and spending between elite, selective and well-endowed colleges that are able to charge very high tuition fees and the less selective, poorly endowed colleges).
- *Private elite research universities* (Carnegie classification *very high research universities* such as Stanford, Harvard, Chicago, Yale, MIT, and Vanderbilt): spending an average of \$43,678 per-student on instruction. The extremely high average per-student instructional expenditure of these elite private universities goes toward lower student faculty ratios, higher faculty and staff salaries, and relatively

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<sup>8</sup> US Office of Education, *Digest of Education Statistics 2012* Tables 412 and 413.

more generous grants, tuition discounts, and stipends to undergraduate and graduate students. The gap between the per-student instructional expenditures of these elite private universities and the expenditures of their counterpart public universities such as Berkeley, UCLA, Michigan, Wisconsin and Washington has been widening in recent years. This widening gap is generally attributable to the immense endowments and high tuition fees of the private universities compared to the declining tax support of most of the public universities.

### **Costs of higher education borne by parents and students**

Not only are the underlying per-student costs high (albeit highly variable, as noted above) in most US colleges and universities, but the shares borne by parents and students in both the public as well as the private sectors (particularly prior to netting out the effects of grants and other forms of price discounting) are also higher than in other countries. This is partly cultural: parents have always been expected to pay tuition fees in the very prominent US private non-profit higher educational sector. As enrollments and participation rates soared in public colleges and universities in the last half of the 20<sup>th</sup> century, the cultural convention that parents are responsible—in so far as they are financially able—for the higher education expenses of their dependent children, including tuition fees, has been generally accepted.

This acceptance in the United States of the appropriateness of tuition fees in public colleges and universities is quite unlike the adamant resistance to tuition fees in most of Europe, Latin America, Africa, and most of the former communist countries (with the exception in many countries of the parallel fee-paying tracks within the otherwise public universities). The acceptance of tuition fees has been buttressed by the generally accepted belief that higher education brings considerable private returns, both monetary and non-monetary, to students and parents alike. In addition, the very large system of grants and loans, originating from both state and federal governments as well as from institutions and other philanthropic sources, and totaling more than \$200 billion in 2011-12<sup>9</sup> makes it possible for colleges and universities, public and private, to have high advertised tuition fees (from \$5000 to \$15,000 in the public sector and from \$20,000 to more than \$50,000 per year in some private institutions) and still to be accessible to students whose families are unable to contribute any money at all to the higher education of their children.<sup>10</sup>

Table 2 shows total expenses that face a student and his or her family as reported by the College Board in its annual publication, *Trends in College Pricing 2012*. It must be kept in mind that these are only reported averages, and that the actual tuition fees vary widely in every category, especially for public and private four-year colleges and universities. Total expenses faced by parents and students (line 4 in Table 2) is before grants, scholarships, discounts, loans, or other forms of student financial assistance and

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<sup>9</sup> The College Board, *Trends in Student Aid*, 2012.

<sup>10</sup> A final factor for the apparent greater political acceptability of public sector tuition fees in the United States compared to most industrialized countries may be the absence of any politically influential national student union pressuring the government to keep tuition fees very low. This may be due to the lack of any significant federal authority over public sector tuition fees, the considerable differences among the states in their tuition fee policies, and of course the fact that most students and most parents contemplating public higher education are familiar with some who are paying the very much higher tuition fees at a private college or university.

family tax benefits—which are reported by the College Board as averages in the last line of Table 2. These total expenses are deemed a family financial responsibility at least for the traditional-age, dependent student through the bachelor’s degree—but only to the limit of what the parents are deemed able to pay by a calculated *Expected Parental Contribution* together with what the students are deemed able to borrow and/or to earn. Thus, these total expenses are met through a combination of parental contributions, student part-time and summer earnings and savings, student loans, and state, federal, and institutional grants and discounts.

**Table 2**  
**Average Costs/Expenses Borne by Students and Families,**  
**US Colleges and Universities, 2012-2013**

	Public 4 Year		Public 2 Year	Private Non-Profit
	In-State	Out of State		
Published Tuition and Required Fees	\$8655	\$21,706	\$3131	\$29,056
Room and Board and estimated commuting expenses	9025	9025	7419	10,088
Transportation and Other Educational Expenses*	1000	1000	1000	1000
Total Expenses Facing Parents and Students	\$18,680	\$31,731	\$11,550	\$40,944
Average grant aid & tax benefits defraying above expenses	5,750	5,750	4,350	15,680

Source: College Board, *Trends in College Pricing, 2012* Table 1A. Downloaded from: <http://trends.collegeboard.org/sites/default/files/college-pricing-2012>.

\* Author’s estimates of expenses for computer, books, special lab fees, etc.

### Student Financial Assistance

Financial assistance comes principally in the forms of grants (mainly from the federal government and from institutions in the forms of scholarships or tuition fee discounts) and student loans. As shown in Table 3, total grant aid from all sources was estimated by the non-governmental College Board at well over \$100 billion in the academic year 2011-12. Total federal student lending, subsidized and unsubsidized, was estimated in that year at just over \$105 billion, plus another \$8 billion in private non-federal loans.

Most grant aid is at least partially need-based, or means-tested, targeted to students from low-income families or independent students with low incomes, presumably to enable higher educational participation (or reduce indebtedness) rather than on bases of academic achievement or merit.<sup>11</sup> Most federal financial assistance is fully portable: that is, awarded to the student who can carry it to his or her institution. Federally awarded portable student aid began the late 1960s as a way to provide aid both to students to increase accessibility as well as to institutions, especially private institutions, as a way to

<sup>11</sup> A persistent issue in US student finance is the degree to which financial assistance should recognize academic promise or *merit*—which clearly rewards, but may not measurably alter behavior or accessibility—or should be based entirely or at least predominantly on *need*, which is more likely to alter behavior and affect enrollment and completion.

provide governmental support indirectly and let the market, or *student choice*, distribute the aid among the institutions.

Table 3  
Student Financial Assistance in US Higher Education  
Estimated 2011-12

Grants (in millions of dollars)		
Federal Pell Grants		\$34,532
Federal Supplemental Grants		736
Other Federal Grants		14,053
State Grants		9,887
Private & Employer Grants		11,020
Institutional Scholarships & Discounts		42,060
Loans (in millions of dollars)		
Federal Stafford Subsidized Loans		39,992
Federal Stafford Unsubsidized Loans		45,861
Federal Direct (Perkins) Loans		970
Federal parent Loans (PLUS)		18,234
Total Federal Loans		\$105,283
Private (non-federal) Loans		8.130

Source: College Board, *Trends in Student Aid*, Table 1, Downloaded October 2013 < <http://trends.collegeboard.org/student-aid>

Federally sponsored student loans in the United States are mainly *generally available*—that is, provided without consideration of the institution attended, the borrower’s academic program, academic promise, or performance, and are without consideration of his or her credit worthiness or a need for co-signatories. Most student loans are guaranteed by the federal government and carry varying amounts of subsidy, although subsidization is minimal by international standards. (There are also some strictly private loans to students and federal loans to parents.) Federal student assistance has shifted from grants to loans, and the aggregate student loan debt from all sources is reported in 2013 to be in excess of \$1 trillion. Unlike student loans in Australia, England, South Africa, Chile, and some other countries in which repayment obligations are set as a percentage of current incomes until the loans are fully repaid or until borrowers have repaid for some maximum number of years, student loans in the United States carry conventional repayment obligations that feature fixed monthly payments. However, the United States has been edging toward income contingency by establishing so-called *hybrid* fixed schedule-income contingent loans in which the base, or default, payments are fixed, or conventional, but are limited to a maximum percentage of the borrower’s current income, with limits on the number of repayment years.<sup>12</sup>

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<sup>12</sup> Johnstone, D. B. and P. Marcucci, *Financing Higher Education Worldwide: Who Pays? Who Should Pay?* Baltimore: The Johns Hopkins University Press, 2010, pp, 149-155. For US Income Based Repayment and Pay As You Earn plans, see: <http://studentaid.ed.gov/repay-loans/understand/plans/income-based>; and <http://studentaid.ed.gov/repay-loans/understand/plans/pay-as-you-earn>.

As student debt levels have risen due mainly to rising tuition fees at both private and public colleges and universities, and especially at graduate and advanced professional levels. Student debt levels by 2013 have become a major national issue. Defaults rose after the 2008 financial downturn and the increase in unemployment among college graduates. Defaults are high among borrowers from proprietary non-degree granting institutions and relatively high at community colleges and degree-granting proprietary colleges; however defaults at private colleges and universities and at public research universities are low by international standards for *generally available* student lending.

## **Summary of the Most Nearly Unique Features in US Higher Education**

From this portrait, the following eight features are among the most nearly unique to public and private higher education in the United States (at least for undergraduates).

**1. Federalism and the absence of a significant national ministry.** Few features are more difficult to explain to the foreign observer than the absence of a significant American ministry of education. This absence of a significant national ministry is made more difficult to explain by the fact that most of our federal legislators and US presidents persist in acting as though higher education were a federal responsibility—reinforced by the fact that we do have a US Department of Education headed by a cabinet level officer who appears to be some kind of cabinet minister.

Admittedly, the Department of Education is immensely important to the funding of students. Other federal departments, also headed by cabinet level secretaries, are vital to the support of research, which support in the US is channeled mainly through universities, both public and private, rather than through national research institutes like those in France or Germany. But the absence of a ministry of education similar to those of so many other countries may be best illustrated by what the United States government and the Department of Education does *not* do. The federal government owns no colleges or universities (other than the military service academies). For the other 4000+ public and private institutions of higher education, it has nothing to do with the admission of students, the stipulations for degrees or the standards for their attainment, the appointment of faculty or anything about the terms and conditions of their employment, the selection of governing boards or chief executive officers, or anything else about how institutions, public or private, are governed and/or run.<sup>13</sup>

**2. Our extensive and *bi-modally prestigious* private sector.** Private higher education is found in virtually all countries, but is probably least significant in Europe. Even Russia and the other countries emerging from the former Soviet Union, the former communist countries of Eastern and Central Europe, as well as China and much of Sub-Saharan Africa are beginning to experience numerically extensive—although fragile and as yet only marginally significant—private institutions of some kind. In Latin America, India, and East Asia, private institutions of higher education have long been both extensive and significant, although due more to their function as *demand absorbing*

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<sup>13</sup> The US Department of Education was created only in 1980, and many conservative politicians have persisted in calling for its abolition. It was created by splitting the former Department of Health, Education and Welfare into two federal departments: The Department of Health and Human Services and the Department of Education. It is the smallest federal executive department.

institutions than as models of academic and social prestige. What is unique to American private institutions of higher education is the bi-modal nature of their wealth and selectivity—and thus of their prestige. The most and the least selective and prestigious institutions tend to be private. The most selective are also, almost unavoidably, largely socially elite. But the least selective—some of the most accessible and open to the children of the poor—are also private. And although the reach of government into the affairs of these private institutions is limited by tradition and by the constitutional precedent of the Supreme Court’s 1819 Dartmouth College Case, the institutional missions and connections to the surrounding community are virtually the same for the private as for their counterpart public institutions of higher education.<sup>14</sup>

The significance of the US private sector to American (and worldwide) higher education today is due mainly to those private institutions—including both research universities and the distinctively American elite four-year colleges—that have attained the pinnacle of selectivity and prestige. This significance is due in large part to the absence of any true *national* university and to the decision for the past two centuries, to channel most public (federal) research dollars, whether for agriculture, defense, basic science, or medicine directly to institutions on an openly competitive, full-cost reimbursement basis that was as or more generous to the private universities than to the state-owned public ones. In turn, the position of the highly selective private universities and colleges has been maintained by their enormous donated wealth and by the willingness of American parents and students alike to bear a significant portion of the high and always rising costs of the higher educational enterprise (which arises in #4 below).

**3. Governance and ultimate authority (in both private and public sectors) in the hands of voluntary, lay governing boards.** The combination of the peculiarly American mistrust of government (especially of *centralized* government) and the 19<sup>th</sup> century American explosion of small private colleges, which had earlier borrowed from the Scots and the Dutch the vesting of ultimate governing authority in a part-time, voluntary, lay board, extended this lay governing board model as well to the nation's emerging public (state) universities—and ultimately even to the 20<sup>th</sup> century public comprehensive and community colleges. Thus, this mode of public governance, while clearly publicly accountable and either publicly elected or more often gubernatorially selected, provides a buffer from government itself (that is, from state governors and state legislatures) and accounts for the quite extraordinary (relative) autonomy of most state universities from their patron governments. In turn, the vesting of ultimate authority in lay governing boards rather than academic senates contributes to the relatively greater authority of American university and college presidents compared to their counterpart European rector.<sup>15</sup>

**4. The extensive financial reliance—in both private and public sectors—on non-governmental, or non-tax based funding.** Following upon the prevalence of the private, oftentimes sectarian, American college in the life of the middle and upper middle class

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<sup>15</sup> See Johnstone, D. Bruce (1997) “Academic Leadership in the United States,” in Madeleine Greene, ed., *Transforming Higher Education: Views from Leaders Around the World*. Phoenix: Oryx Press / American Council on Education Series on Higher Education, pp. 134-149.

American family from the middle of the 19<sup>th</sup> century on, and undoubtedly reinforced by the growing wealth of this American middle class, many American families became accustomed to bearing the lion's share of the costs of their children's higher education. Particularly on private colleges and universities.

Public colleges and universities on America were overwhelmingly publicly financed through the 1960s. Yet the enormous added costs stemming from the explosion of enrollments in public institutions plus the rising the competition for state and federal tax dollars from elementary and secondary education, national defense, corrections, health, and welfare—together with the American voter's disinclination to being taxed—has led in most states to very steep increases in tuition fees in their public institutions of higher education, especially in the flagship universities, but extending even to public community colleges.

Although England since 2012 has had a tuition fees comparable to, and even a little higher than, most US public universities (although not without great resistance and controversy), most of Continental Europe has low or minimal tuition fees—and the Nordic countries continue to resist any tuition fees. Latin America, Japan, Korea, and much of East Asia also rely on tuition fees for their large, mainly demand-absorbing private sectors, and a growing number of these countries, such as China, Canada, Korea, Japan, and Chile have more than nominal tuition fees in their public sectors. And Russia, together with the rest of the former Soviet republics, most of the other transitional countries of Central and Eastern Europe, and a number of countries in East Africa have significant tuition-dependent tracks in their otherwise public universities. But while US taxpayers and state politicians may grumble about the costs of their public colleges and universities, the combination of philanthropy and tuition fees in both the public and private sectors of US higher education mean that the United States probably get more high quality higher education for the taxpayer dollar than most other countries.

***5. The responsiveness (in both private and public sectors) to the needs and interests of the community and the state, including government, business, and the citizenry.*** Responsiveness to the needs of government (whether national, state, or local), business, and to the public, especially to students and their families, seems good and noble. But the responsiveness of the American college and university, public and private alike—in contrast to many universities in many other countries—comes not from any particularly noble inclinations on the part of American university faculty, its leaders, or its governing boards, but primarily from the dependence of US colleges and universities on non-governmental revenue, necessitating serious attention to prospective students, and their parents state and local business interests, and potential donors as well as to state and local politicians.

As the American public university grew in the latter part of the 19<sup>th</sup> century and throughout the 20<sup>th</sup> century, the pursuit of knowledge for its own sake was not enough to generate the necessary funds from state legislatures. So the great American public research universities—institutions as distinguished as the universities of Michigan, Wisconsin, California, Illinois, North Carolina and other top American public research universities—together with their state legislative patrons forged a great strategic compromise. The early state flagship universities would enroll large numbers of undergraduates, many of whom would be intellectually or at least academically

unequipped for a top European university, and maintain whatever undergraduate standards were to be maintained by failing large numbers in the first year or two. They would add football to entertain and make the taxpayers of the state proud. They would embrace the applied and the practical, not only through the Land Grant and county extension functions, but by catering to the career interests of the undergraduate student body, which wanted teacher education, engineering, and business in the old days, and which today wants business, communications, computer science, and pre-professional preparation. And they would devote their faculty time and laboratories to whatever scientific inquiry was accompanied by public or private grants and contracts.

While some lament what they label the *marketization* of our universities and colleges, governments in other countries are urging their institutions of higher education to emulate this American higher educational responsiveness. And while some academics, decry what they perceive as their administration's preoccupation with federal grants and commercial contracts, the integrity of the top American universities, public and private alike, seems uncompromised.

**6. *The modularization of academic degree programs.*** The marketization of American higher education, the reliance on tuition, and the unusual degree of responsiveness to student career interests, are made possible (or made inevitable) by the modularization of academic degree programs. The American degree is given primarily by the accumulation of credits in some sort of acceptable pattern of general education, a major program, and free electives. The significance of this model (as opposed to an essentially examination-based model of degree attainment with little room for electives or changes) is that one institution's credits can be almost as good as another's. Academic exploration and competition are encouraged and continue after a student's initial matriculation. If a student loses interest, or if the institution appears to the student to have promised more or better than it can deliver, he or she can simply take those credits down the street to another institution, which will probably admit the student with little or no loss of time or credits.

This feature also serves to undergird another feature of American higher education: the ever-open door to a college education. It does this by ensuring that academic failure need almost never be absolute or irreversible. A student can almost always take what credits he or she has successfully completed, in spite of academic difficulties and changed minds, and take them to some other institution (albeit generally of lesser prestige) that will accept all or most of them, thus keeping alive the possibility of attaining a degree—a chance that would have died long before in most other countries.

**7. *The first and second degree divide, or the separation of the bachelor's degree from graduate and advanced professional studies.*** Related to the modularization of the degree is the viability of the bachelor's degree college and the relegation of advanced professional study (such as law, medicine, and advanced management studies) to post-bachelor's degree study, generally in a research university and frequently in an institution other than the one entered for the first degree. Before the Bologna and subsequent accords at the close of the 20<sup>th</sup> century by the European higher education ministers, most universities of Continental Europe featured the so-called *long* first degree and the direct

entry of first-year university students into the types of academic programs—most notably medicine and law—that Americans reserve for graduate or advanced professional study.<sup>16</sup>

It is also this conventional separation of the American bachelor's from advanced scholarly and professional study that has maintained that most unique of all American higher educational institutions: the elite, four-year, (generally, but not exclusively private) bachelor's degree college. Only with the assurance that one's chances at a prestigious medical or law or other advanced degree would in no way be diminished—and might well be enhanced—by first attending "only" a four year college and then having to reapply to a university, likely in another city or another state, could the elite bachelor's degree colleges continue to attract much of the academic cream of the American high school graduates.

**8. *The importance accorded to (some critics would say the preoccupation with) accessibility and the ever open door to further education.*** The combination of enormous post-secondary education capacity, including a postsecondary institution in most states within commuting distance of most of the state's population, a great range of entry standards, including the possibility of admission to a community college or to a non-selective private college with no academic credentials other than a high school diploma, and sufficient financial assistance supplemented by abundant part-time employment possibilities, combine to enable the policy assertion that any young person—even one whose parents are unable to assist financially at all, but who has at least a modicum of interest and aptitude and the willingness to assume some indebtedness—can find a place at a college, perhaps a two-year community college, the credits of which will transfer to a bachelor's degree. Furthermore, the door almost never shuts altogether. Academically failing at one institution does not preclude admission to another, generally less selective and less prestigious, institution. In similar fashion, academic failure or the loss of interest in one academic specialization, generally called a "major" in an American college or university, does not stop one from trying another, or still another. In few other countries of the world can a 25 year-old with a bachelor's degree in English or history decide she wants to be a physician and still have a chance at earning a medical degree. Similarly, the concern on the part of most colleges and universities for ethnic and racial diversity is so strong that academically well prepared and motivated young persons from underrepresented minority backgrounds may be courted with preferences on admissions and financial assistance. In short, American higher education is greatly oriented to both access and opportunity.

This feature has its skeptics, cynics, and detractors. Cynics may claim that the preoccupation with access and second chances reflects for some public institutions mainly the need for enrollment-based state assistance—and for private institutions (especially for profit colleges) the chance to generate more tuition dollars paid for largely by government aid. Skeptics may say that what some call a *preoccupation* falls far short of its supposed intentions, as revealed by the fact that the results—that is, the awarding of undergraduate degrees, and even more the awarding of graduate and advanced professional degrees, from the most prestigious institutions (the gateways to status and

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<sup>16</sup> Most European universities in accord with the 1979 Bologna agreements are endeavoring to implement three- or four-year bachelor's degree as the first university degree.

power in American society)—remains highly skewed toward the white and the affluent. Finally some detractors maintain that any sort of preferences, however noble the intention, can be misplaced and even cause harm for those it is intending to help: for example, admitting persons to selective colleges and universities who, while admittedly for no fault of their own, are unable to keep up with their classmates from more advantaged backgrounds, become discouraged, and fail to finish.

But the difference between the United States and many other countries is striking, and sometimes counterintuitive. Virtually all countries prize, and give great lip service to, the equality of opportunity. For most, this means entry via objective, sometimes standardized, entrance examinations, no tuition fees, and financial assistance for the costs of student living. Equality of opportunity is thought to be sufficiently demonstrated by a handful of the very brightest and most academically committed from poor or rural or ethnic minority families who make it into the university—quite regardless of the gross statistical under-representation in almost all countries (including those of Socialist and Marxist bents) of poor or rural or ethnically or linguistically minority students. On the other hand in the United States, in spite of large and widening income inequalities and a legacy of racial discrimination, progress toward the goal of more equal opportunity is to be measured not simply by the striking success of the brilliant child of a poor or rural or ethnically minority family—which of course is to be applauded—but by the more modest success of the poor or rural or minority student who happens to be as average as most Americans.

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In many ways, American and other systems and institutions of higher education seem to be converging. Nevertheless, differences will remain, and it is important not only to recognize them but also to understand their contexts—in history and culture. This brief monograph is one observer’s introduction to the US system of higher education. Other American observers, and certainly other students and scholars from other countries, will doubtless see other important differences and similarities. But most importantly, welcome to America and to our colleges and universities, and may your stay, however long, enrich us all.

Buffalo, New York  
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