

## **Alternative Models of Funding Higher Education: Past and Present Trends**

### **Abstract**

The present study is built around the following general research question: why is Adventist higher education in a tight budget? This is approached using a comparative time frame analysis of past and present needs and characteristics affecting funding tertiary education. The main idea throughout this paper is that the different funding systems are setting up models of Adventist higher education that aren't always the best fit for the institutional ideology and organization. Possible alternatives to shift into a more suitable funding system are provided and discusses as well.

Keywords: Adventist higher education, funding, entrepreneurial management

### **Shifting conditions**

One may ask what is always a stumble stone over the years at any given Adventist college or university. One possible answer is funding. But having the resources for keeping everything up and running is a more direct consequence (function) of adjusting than to stuffing certain amount of dollars in the bank. Another good word to summarize all this is "needs." Over the last several years organizations related to higher education have reported concerns about the strong trends of rising college tuitions above the inflation means. The complexity of attending college is correlated to financial issues. Families' incomes are, every year, falling short of being able to pay regular college tuition (Jones and Wellman 2010; Porter 2006). It is somewhat a paradox that universities increased their tuition and, at the same time, their financial aid. The primary reason is that they have to do so; otherwise they would fall short in enrolling students (Erdmann 2008; Quarterman 2008).

Having strategies to help students pay increasing tuitions is crucial to survive as a university and to attract and retain more students. This is a particular problem for Seventh-day Adventist (SDA) universities in United States of America.

### **Models of universities and funding**

Besides teaching and service, producing knowledge is one of the main goals for universities (Boyer 1997). Over the last 30 years, new discoveries have been linked to profit through the commercialization of inventions. This is not only a new way of increasing universities' impact over society but also a vast funding alternative for leading research institutions (Gaffikin, and David 2009). Universities seem to be in a race for resources and prestige (Bok 2003). Only a very few universities can be productive and compete for these alternative sources of funding and prestige (Baker and Wiseman 2008). Universities, especially the elite ones, are being refocused to become more competitive in a worldwide economy. By doing so, they hope to improve society. This is not problematic as long as having a group of

leading research universities is but one alternative model among others. The dilemma is that many universities are trying to copy (Dey, Milem, and Berger 1997) what big league schools are doing without understanding that not all institutions are capable of emulating them and that there should be some other purposes for higher education (Altbach 2002; Scott 2006). In other words, research universities should not be seen as the “wannabe” model for higher education altogether. They are a very needed and valid model for post secondary schools. Training researchers is highly necessary, but not all people will follow that path nor does society require it. Although many governments recognize this and establish a broad spectrum of higher education institutions, when it comes to defining parameters of quality and accreditation, research production is the key factor. This is sending a message to administrators and professors that reads something like this: “If you want to become successful, recognized by your colleagues, be promoted, and get funds for projects, you must publish.” One may ask whether this kind of university model will lead to a more affordable Adventist education and a more stable budget. It is very difficult to see, the argument of this paper, Adventist education even close to compete for a position among national league universities. That does not mean that they shouldn’t produce research outputs. But research funding is highly complex and selective. Adventist higher education, with a few exceptions, may deplete its few resources going after this model of funding.

On the other hand, tuition driven budgets put administrators in a difficult spot. Every single semester is a “we’ll see” project. It is complex to provide stability with unstable source of income. This type of income is very volatile and can cause serious problems for providing quality education.

### The Church as a source of funding

The relationship between the Church and its tertiary education system is diverse and can be seen from at least three models of support that translate into funding, if assuming that higher education runs in the same mission direction:

- a. *Highly dependent.* These schools depend heavily on church’s financing and serve almost exclusively an ecclesiastic territory. The majority of European seminaries are an example of this. Many of them don’t even enroll 200 students. Another example is AIAS (Adventist International Institute for Advanced Studies) in Philippines. It is mainly funded by the General Conference to serve the church with programs in education, business, theology, and some degrees in health. If the church withdraws funding, a large number of these institutions would collapse. Nearly everyone of their graduate enter the Adventist organizational system. Here church and institution go hand to hand in an interdependent relationship.
- b. *Semi dependent.* This is the biggest group. The majority were created with a very tight administrative and financial dependency on the church, like the previous group, but evolved into more autonomous schools. They continue serving the church producing the traditional (health, education, accounting, and pastors) human resources needed. But over time they have diversified their programs and many of their graduates do not work

for the organization. The church, more or less, funds some programs, students, and human resources, but this type of schools must generate lots of alternative assets to survive. However, in many cases, the church still exerts a strong influence on some of the key administrative decision-making.

- c. *Going more independent.* Perhaps this is the most difficult group to track and to classify. These universities have more resources than the previous ones and are becoming more entrepreneurial-looking for new ways of marketing themselves. Doing so, they are slowly walking away from the traditional church model and copying secular models that pull them to play by the same rules. Although they have formal church administrative boards, they exert less influence on the institution.

Depending on the stage a university is, it can benefit from the Church's funding. However, the majority of Adventist higher education is going to a more independent source of funding. This is probably caused by the increasing costs higher education is facing and not necessarily to a lack of church's leadership support. It is very important to create new returns from alternative incomes. The more legs a table has, the more reliable and firm it is.

### **Alternative Funding for higher education**

Since their beginning, Seventh-day Adventist schools have had a particular approach to financial issues. Any boarding school or college was built on a strong idea of self-supporting students through an educational work. Even though there are some historical, economical, and social differences, it is possible to find some principles to guide existing tertiary schools. Industries had a double purpose, as it is expressed in the following quotation:

...how much might be gained if the self-supporting plan were followed! The student would often be enabled to leave the educational institution, nearly or wholly free from personal indebtedness; the finances of the school would be in a more prosperous condition; and the lessons learned by the student while passing through these experiences in the home field would be of untold value to him in foreign fields. (White 1913/1943 p. 527)

Based on this model, many institutions were able to offer an affordable Christian education to low income families. But unfortunately, since the 1980's and 1990's many institutions have shut down very valuable extra sources of income for reasons that go beyond the analysis of this paper.

Regardless of the "it is not possible" culture pervading many leaders, there are several schools that are trying out some alternative sources of funding, even outside Adventist system. One of them is College of the Ozarks in Missouri. This Christian institution is unique, because it charges no tuition. All full-time students work 15 hours a week to offset the costs of education. Students can also elect either to pay for room and board or to work in a summer program, which covers those costs. Debt is openly discouraged. The U.S. News & World Report Best Colleges Guide 2010 reported this college as one of the best in the Midwest and 1<sup>st</sup> in least

debt! Another interesting case is Berea College. During the academic year students work in over 100 labor departments in areas such as: instructional, student Services, general Administration, facilities, academic support, crafts, industries, and student organizations. This school has also a very wise combination of work, endowment, and donations system to provide full tuition scholarship to its students. These two colleges are applying the Adventist philosophy of education using their industries and businesses.

What to do next? It can be a difficult task breaking through the budgetary constrains and trying out some alternative funding. Inviting private donors and private funding to team-up small business may result in new opportunities for a school. However, donors must see a set of administrative structures that would allow entrepreneurial activities succeed within a university. Very often managers at colleges and universities use academic boards to solve business problems. These boards are slow, and sometimes very inefficient, in decision-making, a key element for running a prosperous industry.

Organizing seminar of “best practice” among schools with factories can be a good start to developing and regaining extra source of income. Sharing what others are doing and having success may prompt changes. With an entrepreneurial mind, leaders can provide financial support for poor but hard working students. This is even possible in the 21<sup>st</sup> century.

### **Conclusion**

There are very good reasons to “import” ideas and apply some strategies other universities are using to provide for their expenses. However, it is important to remember that with each funding system comes a set of assumptions that are not always compatible with Adventist principles.

Funding at Adventist universities must come from a model of Christian university more than just copying what others do. Higher education in North America seems to have lost its roots and walked away from a basic assumption Adventist education had, namely self supporting education. Based on examples presented here, it is still possible to have an affordable education and be attractive to, first of all, Adventist youth.

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