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Patron or Bully?
The Role of Foundations
in Higher Education

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Working Papers Series
SAN05-09

November 2005

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Abstract

Universities are characterized by the independence of faculty, the strong hold of academic disciplines, the limited but real power of academic administrators, and unbounded institutional aspirations. Foundations feature the desire to effect change, but within practical limits. The interplay between these two sets of actors highlight the importance of faculty in any grants related to research and feature both a bias toward comprehensible projects and the discouragement of candor.

Key words: philanthropy, foundations, higher education

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Revised 5/16/05

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¹ I am grateful to William Bowen, Joel Fleishman, Craufurd Goodwin, Ellen Lagemann, Michael McPherson, Henry Rosovsky, Al Slivinski, Margaret Wyszomirski, and the editors for helpful discussions and comments on earlier drafts, to Robert Malme for research assistance, and to the Center for the Study of Philanthropy and Voluntarism at Duke for research support. The views expressed here are my own and certainly should not be ascribed to any other person or institution.

I. Introduction

The two subjects of this paper are both large and entrenched sub-sectors of the American economy: private foundations and institutions of higher education. In 2002 there were some 58,000 such private grant-making foundations (I exclude here community foundations, corporate foundations, and so-called operating foundations). Their combined assets amounted to \$364 billion, and they made grants totaling \$23.3 billion.² Higher education has many fewer entities; depending on how multiple campuses are counted, there are between 3,000 and 4,000 colleges and universities.³ Their collective endowments are roughly about two-thirds the size of private foundation assets.⁴ Although the dollar value of foundation grants is large, their share of total college and university revenues is small, amounting to less than 3% of total revenues.⁵ This small share naturally prompts the question: can a source of funding this small represent anything more than a marginal influence on the direction of American higher education?

Evidently it can, judging by what scholars of American higher education have written. In one history covering the early decades of the twentieth century, Hollis (1938, p. 294) concludes

² Foundation Center, *Foundation Yearbook* (New York: The Center, 2004), p. xii.

³ U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics 2002* (Washington: Government Printing Office, 2003), Table 171, p. 209.

⁴ A survey of the 723 college and universities with endowments of at least \$1 million in 2003 yielded a total value for their endowments of \$231 billion. See National Association of College and University Business Officers home page <http://www.nacubo.org/x2321.xml>, last accessed 12/20/04.

⁵ Foundations were responsible for 28% of total voluntary support for higher education in 2003 (Council for Aid to Education, *Voluntary Support for Education, 2003* (<http://www.cae.org/>). As a percentage of current fund revenues, private gifts, grants and contracts were 4.8% for public institutions in 1999/2000 and 9.5% for private institutions in 1995/96 (US Dept. of Education, National Center for Health Statistics. *Digest of Education Statistics 2002* (Washington, DC: US Government Printing Office, June 2003), Tables 330-332, pp. 372, 374). Assuming these percentages are stable over time, foundation support was roughly 1.3% of total revenues for public institutions and 2.7% for private institutions.

that foundations affected the development of higher education by supporting activities at the cusp of cultural change. In a more recent effort to assess the aggregate effect of foundations in higher education, Cheit and Lobman (1974, p.1) opine, “Among the important patrons of higher education, none has had more influence per dollar spent than the private philanthropic foundations”; they conclude by noting that “foundations have been not only significant but in many cases key contributors to the progress of America’s colleges and universities.”

As evidence of their transformative role in higher education, observers have argued that foundations were the driving force behind a number of important developments, among which are the transformation of medical education, the creation and sustenance of colleges for African Americans in the South, the development of modern, empirically-based social science research, the establishment of a national faculty pension plan, the development of modern biological research, the application of web-based technology to the storage and dissemination of published research, and the fostering of new interdisciplinary fields such as area studies, city planning, women’s studies, urban studies, and public policy studies. In some of these efforts, observers have perceived a facilitating role, wherein foundations have supported innovations that government was unprepared to pursue.⁶ Foundations have been seen as providing higher education’s “venture capital” making possible needed reforms (Curti and Nash 1965, p. 214).

But not everyone has taken a sanguine view of their role. For example, there are perennial complaints that foundations are fickle in their interests, choosing new fads over sustained support.⁷ More fundamentally, some have viewed foundations as stout defenders of

⁶ See, for example, Horowitz and Horowitz (1970, p. 227).

⁷ See, for example, Frumkin (2000).

the status quo, or at best timid sustainers of established institutions (Nielsen 1972). A darker interpretation sees foundations as active handmaidens of the ruling class, working specifically in the area of higher education to harness universities to serve the aims of the rich and powerful; from this perspective the vast foundation support for historically black colleges and universities has been interpreted as support for Jim Crow educational patterns.⁸ Others, noting the ways in which university research buoys the established economic order, have adopted a perspective advanced by Gramsci, who argued that the ruling class can exert its influence indirectly but effectively by shaping intellectual thought.⁹

As of this writing, the relations between foundations and higher education are not everywhere pacific. Some conservative foundations, for example, have complained that university faculty overwhelmingly demonstrate a liberal bias.¹⁰ Strains have also arisen concerning the conditions placed on grants to universities.¹¹ More generally, as the editors note in the introduction to this volume, some observers have perceived a growing rift between these two sets of institutions.

With these differing perspectives as the backdrop, the current paper is intended to take a rather general look at the role played by foundations in higher education, with an emphasis on research universities. Furthermore, I pay particular attention to the research function of

⁸ See Anderson (1980, p. 10).

⁹ See, for example, Fisher in Arnove (1980). Opposing views: Bulmer (1982), Karl and Katz (1987).

¹⁰ See, for example, Horowitz and Horowitz (1970, pp. 168-227) and Mark Bauerlein, "Liberal Groupthink is Anti-Intellectual," *Chronicle of Higher Education*, November 12, 2004. <http://chronicle.com/temp/reprint.php?id=taz1fjbe3lt4y13h2lgyjjc3pgh2fd7>, last accessed 12/20/04.

¹¹ See Stephanie Strom, "ACLU Rejects Foundation Grants over Terror Language," *New York Times*, October 19, 2004, p. A17.

universities, though I am attentive to teaching and administrative functions as well. In all this, I am concerned with short-run considerations, in contrast to broad questions of historical or long-run importance, such as whose interests are ultimately being served by foundations and universities. Accordingly, I take as given such structures as the tax code and the related requirements imposed on foundations. This perspective also takes as given the basic structure of colleges and universities. Thus my motivating question is: given both existing law and the nature of foundations and universities, how can we usefully think about the effect of foundations on institutions of higher education?

The remainder of this paper is organized as follows. Sections II and III begin by considering the nature of the two types of institutions involved, universities and foundations. Section IV then presents a simple model of foundation-university interactions. Section V contrasts two viewpoints the foundations have adopted toward universities, illustrated with some historical examples. Section VI describes findings on actual grants in a recent year, and the third is a brief summary of several case studies of foundation grants. Section VII draws some implications, and Section VIII concludes.

II. Pertinent Institutional Characteristics of Universities (and Colleges)

A necessary first step in assessing the effects of foundations on higher education is to consider the characteristics, the modes of behavior, the “culture” of these two types of institutions. I begin with universities.¹²

In his analysis of the university as an organization, James Coleman (1973) contrasts two organizational types – the community and the corporation. Communities, he notes, are characterized by a lack of hierarchy and therefore a certain decentralization of control. In contrast, the corporation exhibits a strong hierarchy, in which leaders exert their will among subordinates. As an organizational form dating from the middle ages, Coleman argues, the university is in many important ways more a community than a corporation. It is not so much that all decision-making is in the hands of the faculty, but rather that university leaders are severely limited in the extent to which they can command the troops. This observation manifests itself in several of the following four features.

Independence of Faculty

In his analysis, Coleman argues that the defining fact about university organizations is that the quintessential university worker, the faculty member, is not an employee in the usual sense. Although their paychecks bear the university’s name, faculty may think of themselves more as independent contractors than as ordinary employees. According to an oft-repeated story, this fact was brought home to Dwight Eisenhower, soon after he had been installed as the

¹² For more general discussions of the characteristics of universities and their faculty, see, for example, Geiger (1993), Clark (1995), Rosovsky (1990), or Clotfelter (1996).

president of Columbia University in 1948. Immediately after Eisenhower opened his first meeting of the faculty by addressing them as “Employees of Columbia,” a senior professor rose to correct him, saying, “Mr. President, we are not employees of the university. We ARE the university.”¹³ In important ways, the loyalties of faculty are often as much or more to their disciplines and professional associations as to the institutions where they work, a characterization that is most true in research universities.

A structural feature that bolsters the independence of faculty is, of course, academic tenure, which goes a long way to rob much of the hierarchical punch from top-down commands in colleges and universities. But the independence of faculty is also honored in other ways, including the traditions of departmental votes on faculty appointments and promotions and the use of faculty committees to advise administrators on university issues.

The Influence of Academic Disciplines

Academic disciplines, such as economics, physics, or English, play a role of fundamental importance in higher education, and their influence has particular relevance in an assessment of the role of foundations. As outlined by Geiger (1986, pp. 20-30), the academic disciplines began to coalesce in the last decades of the 19th century in a process of professionalization of scholars that paralleled that of the so-called learned professions. Much more than those professions, however, the academic disciplines needed universities in order to be practiced. These disciplines

¹³ Quoted in remarks made by Hunter R. Rawlings III, Cornell University, State of the University Address, June 7, 2003.
<http://www.google.com/search?q=cache:MuK-84t5MSAJ:www.news.cornell.edu/campus/stateofuniv0306.html+%22Eisenhower%22+%22Columbia%22+%22president%22+%22faculty%22+%22discipline%22&hl=en>, last accessed 12/21/04.

became national communities, each based on an area of inquiry, each establishing “some degree of authority over the standards of that inquiry,” and each establishing national organizations that were remarkably similar in form (p.29). In their influence over the structure and behavior of colleges and universities, they exert a double influence – one manifested in administrative organization and one showing up in the behavior of faculty.

In terms of administrative structure, disciplines provide the logic for a large chunk of what passes for university organization charts. Virtually every university has a department corresponding to each of the three disciplines listed above, and the same goes for several dozen other disciplines. Much of the same goes for the learned professions, such as medicine, law, or divinity, which typically take the organizational form of schools rather than departments. Whether they are called departments or schools, these discipline-based units make important decisions about course offering and graduation requirements. Equally important, the departments and schools are central to the recruitment, retention, and promotion of faculty members. For these decisions, faculty members look to scholars in the same discipline who work at other institutions, not only because of the importance of impartial judgments regarding academic merit, but also because of the relative scarcity of scholars who specialize in a particular field.

Another source of disciplinary influence in the university applies to the above-mentioned independence of faculty. Owing both to the tendency for faculty to become rather specialized in their research expertise and the resulting thinness of the national market in any particular special area, faculty tend to develop professional connections with like-minded scholars at other institutions. National and international professional organizations, conferences, and journals are

typically organized along disciplinary lines. It is the discipline that becomes an important reference point for determining standards of scholarship and issues worth study. In his presidential address to the American Economic Association in 1961, Samuelson (1962, p. 18) stated, “the economic scholar works for the only coin worth having – our own applause.” Whether this seemingly insular attitude fosters high scholarly standards or merely an ivory-tower insensitivity to practical problems, Samuelson’s is a view not uncommon among all the established disciplines. Moreover, it is strengthened in the process of graduate education, thus assuring that the discipline’s principles of scholarship are passed on to newly-minted scholars. It is also the discipline that supplies qualified commentators on the quality of a research paper or a job candidate. Thus disciplinary connections are fundamental to the tradition of peer-review, which in turn is central to the conduct of scholarly research.

The influence of disciplines may, however, be a two-edged sword. Although they offer a ready scheme for organizing the university and providing quality control through recruitment and promotion functions, they can also present an organizational problem, especially for a university administrator who wishes to carry out any major reform. For one thing, the pull of discipline lessens the ties of loyalty to the local institution, thus strengthening the inherent independence of faculty members. Perhaps more serious, departments, like any semi-autonomous unit in any organization, can become narrow-minded defenders of turf when resources are scarce. Nor can the disciplines, which provide the guiding stars for their respective departments, be depended on to appreciate the importance of emerging fields of study, especially those arising at the boundaries between traditional disciplines. This disciplinary world view may be especially vexing for the man and woman from the world of practical affairs, a possibility

suggested by the pejorative use to which the term “ivory tower” is usually put. As Geiger (1986, p. 30) observes, “the gradual accumulation of an esoteric knowledge base places increasing distance between the trained scholar’s understanding of the domain and lay appreciation of the subject.”

The Power of University Administrators

Notwithstanding the unusual degree of autonomy enjoyed by faculty members, it should not be thought that deans, provosts, and presidents have no power. In most institutions, at least one of these has a veto over who gets hired and who gets tenure, although this right is seldom exercised when faculty are solidly behind a candidate. These administrators also set salaries and therefore can reward favored faculty and, over time, penalize others. There are budgetary resources that can be doled out or held back, though ordinarily only on an incremental basis. But a principal source of power, when it is available, lies in discretionary money, funds that can be used to fund a new initiative or add to favored ones, in short, to influence an institution’s direction.

To be sure, it is not easy to point a university in a new direction. Doing so has been compared to changing course on a giant ocean liner; it can be done, but only with difficulty and not very rapidly. One reason is tenure. Another is the large influence of faculty and the mores of scholarly life, made more potent because these administrative leaders, at least most deans and provosts, typically come out of the faculty, having been imbued with the beliefs and practices of disciplinary scholars. When those administrators intend to return to the faculty following their administrative service, this influence is all the more potent. So, in the attempt to achieve desired

institutional objectives, it is usually unwise to make faculty too angry, such as by cutting existing budgets. Infinitely preferable is to have access to otherwise unclaimed resources, a predicament not unlike that faced by executives at every level of government. As Kristol has wryly noted, “like everyone else, university administrators prefer an untroubled life.”¹⁴ This then is one reason central administrators might welcome the additional funds made possible by foundation support.

One further source of affinity between university administrators and foundations may arise because they share some characteristics. Both are oriented to the world of action more than are ivory-tower faculty. Both sets of leaders thus tend to be interested in the practical and policy importance of research. To have an impact they may have to get around departments, if not the disciplines themselves. Being “above” departmental organization, university administrators are more likely than rank-in-file faculty to see established academic departments as barriers to the unbounded institutional aspirations that often occur at the margins of disciplines. Thus the provost stands ready to launch the initiative that will catch the next big academic wave, if only the money can be found.

Unbounded Institutional Aspirations

What is their ultimate organizational aim? In the essay noted above, Coleman (1973) argues that universities really have no aim. Cohen and March (1973, p. 3) express this more starkly: “The American college or university is a prototypic organized anarchy. It does not know

¹⁴ Quoted in Nielsen (1972, p. 432). Feldstein (1993, p. 38) makes a similar point, that university leaders have little incentive to make unpleasant choices because, unlike their corporate counterparts, they can expect few rewards, and many costs for making efficiency-enhancing changes.

what it is doing. Its goals are either vague or in dispute.” But the administrators themselves do, albeit usually rather vague ones. Often, the stated aim is simply to be “the best.”¹⁵ No provost worth her salt lacks a list of projects worth funding, ones that will improve the quality of her institution, add to its prestige, make it a more attractive place to work, and contribute to the demand for its offers of admission. Especially when it comes to initiatives not entrenched in existing budgets, these central administrators constantly hunger for new funding. One reason is the implicit competition constantly at work among colleges and universities, especially those that are near to each other in the prestige pecking order. While few will admit it, they look to rankings such as those published by *U.S. News* to demonstrate to their trustees or legislators and to members of their communities that their universities are beating the competition.

III. Pertinent Characteristics of Foundations

More numerous than colleges and universities, and undoubtedly more heterogeneous, private foundations occupy a favored niche in America’s institutional landscape. Subject to relatively few legal restrictions, these organizations are able to operate quite freely, in perpetuity if that is their desire, in pursuit of their chosen missions. Especially striking is the small number of “aye” votes required for approval of any action, certainly compared to any piece of legislation passed by an elected body with comparable resources. They are required by law only to distribute a minimum percentage of their assets each year in grants, not to pay excessive amounts of compensation, not to engage in financial arrangements that amount to self-dealing, and to make grants only to certified nonprofit organizations. This freedom of action, combined with

¹⁵ For an extended argument along these lines, see Clotfelter (1996, pp. 253-254).

their significant financial resources, heightens the need to ask the question that economist James Duesenberry endorsed for social science investigation in general: “Who are these guys and what do they want?”¹⁶ In answer, two features of private foundations seem to be especially pertinent: their overall objectives and their practical orientation.

Impact, Not Revolution

A perusal of published foundation annual reports and web sites will reveal great variety in the ways that their corporate objectives are expressed. Some have mission statements. Others might quote from their founding documents. Still others make clear their objectives only implicitly, by describing the kinds of activities they support. But, in one way or another, all seek to have an impact, to “make a difference.” For some of the most established general-purpose foundations, such as Carnegie, Rockefeller, and Ford, the founding purpose was quite broad, to contribute to the advancement of knowledge and more generally to improvements in the general human condition (Arnove 1980, p. 4; Geiger 1986, p. 158; Geiger 1993, pp. 99-100). In recent years such objectives have been restated as a “core value” of foundations, spurring some of them to engage in “impact analysis” (Bernstein 2003, p. 36).

Beyond such broad “objectives,” what kind of impact is desired? What seems to be beyond debate in the case of the vast majority of private foundations is that their objectives are fully consistent with the maintenance of existing social, political, and economic institutions. Their governing boards are, in the words of Nielsen (1972, p. 316), “a microcosm of what has

¹⁶ Reflections shared in an economics department roundtable in May 1970 at Harvard University.

variously been called the Establishment, the power elite, or the American ruling class.”¹⁷ In this respect, of course, they are not unlike many universities, especially the wealthy and private ones. Whether this verifiable fact means that foundations then pursue agendas that serve the ruling class, or merely maintain the existing system, is another question, and not one I mean to address here.¹⁸ Whether it reflects the life histories of board members or their desire to deal with the best practitioners, however, it will become clear that foundations are quite at home in dealing with elite institutions. At the same time, the large private foundations have also displayed an unmistakable reformist orientation, if not missionary zeal, bringing to mind the Progressive Movement. These dual themes of elitism and reformist inclination will be discernible in foundation dealings with higher education.

Practicalness

A second characteristic of foundations that deserves notice is their practical orientation. This is to be contrasted with the abstract, “ivory-tower” perspective often associated with universities. The donors who established foundations were usually captains of industry or finance, and those who serve in foundation board rooms also tend to be men and women who

¹⁷ Colwell (1980, p. 422) adds to the evidence for establishment connections the observation that there exists a considerable amount of overlap between foundation donors and trustees on the one hand and the boards governing think tanks and other intermediary institutions.

¹⁸ For arguments in favor of class-favoring activity by foundations, see, for example, Fisher (1980, 1983, 1993) and Arnove (1980). For contrary interpretations, see, for example, Bulmer (1982) or Karl and Katz (1987).

have been successful in the world outside the academy. While such trustees may have been trained in very prestigious colleges or universities and the large foundations often employ program officers with academic backgrounds, few governing bodies of foundations are dominated by those with academic careers.

This practical orientation has two visible manifestations when it comes to foundation support for higher education. First is a marked tendency to focus on real-world problems when setting priorities for support. As noted in the previous section, this kind of problem-centered thinking often does not come naturally to scholars who normally derive direction from the internal questions that are debated within disciplines.

A second consequence is an abiding, if not universal, skepticism about the ability of universities to set reasonable institutional priorities. Despite their tremendous potential, universities are sometimes seen as more or less clueless when faced with the task of bringing about real-world change. For example, the Ford Foundation concluded, in the words of one program officer, that “universities were paying scandalously little attention to what was going on in American cities.” The Foundation believed that “the universities needed to be turned around” on this issue (Pendleton 1975, pp. 3, 8). The Kellogg Foundation expresses a similar sentiment on its website, explaining why it launched a program to “transform” higher education: “There was a belief – and much concern – amongst philanthropic institutions, that colleges and universities were slow to change and responded only to direct threats to their own institutional interests.”¹⁹ The reason for this collective ineptitude? One obvious culprit is the faculty. Thus

¹⁹ Kellogg Foundation, “Kellogg Forum: Higher Education for the Public Good” web page, http://www.kelloggforum.org/forum_history.html, last accessed 3/10/2005.

Bernstein (2003, p. 37) points an accusing finger at “pockets of well-entrenched faculty [who] can act as tough barriers to institutional change.” To be sure, not all foundations share this kind of skepticism, as illustrated, for example, by Mellon and Spencer two foundations whose leadership and areas of interest are closely tied to higher education.

IV. A Model of Competing Interests

How do these two types of organizations interact with each other? It is relatively easy to observe the components that make up the dealings of private foundations with universities: proposals are solicited, submitted and considered; grants are approved; funds are paid; projects are carried out; and outcomes are reported. The revenues of universities are expanded, and the annual reports of foundations added to. If the interaction we were examining were instead an ordinary market transaction, like the purchase of office equipment, it would be a simpler matter to identify the supplier and the customer. The notion that one party was exerting undue power over the other would not occur to us if we believed the market for office equipment to be reasonably competitive. But the competitive market model turns out to be ill-suited for the present application. Instead, for the kind of interaction we observe between foundations and universities, economics offers several more useful models. Two of these are bilateral monopoly and oligopoly, both of which model conflict between agents and neither of which produce the kind of definite solution so familiar with competitive supply and demand. Instead, the outcome depends on the bargaining power of the two parties. Another model involving interacting parties is the principal-agent model. Here, a principal sends an agent to do his bidding, but the agent has ideas of her own and thus may not undertake transactions exactly as the principal would have

wanted. More generally, economics offers a host of situations that may be analyzed through game theory. Often the outcomes are not predictable. In each of these types of models, the parties have objectives they wish to achieve, which opens the possibility of competing interests.

In the present case, it is helpful to think of three rather than two different actors. In addition to the foundation, we can think of faculty and university administrators as separate actors. Of course reality is much more complicated than that. For one thing, there exist numerous universities, which compete with one another for grants, faculty, students, and prominence. There are also many foundations, each keeping at least one eye on the decisions of its sister foundations. For the moment, though, consider just one foundation, along with one university's faculty and administration. In this simplest of models, one must acknowledge that the interests of these three parties are not necessarily the same, although they could be. The foundation probably has certain broad objectives and even strong preferences about the form of programs it wants to finance. The university administration (personified, let's say, by the provost) has projects that he or she believes will enhance the quality of his institution, for which money is necessary. This list may include new scholarships, the renovation of a classroom building, or a new academic program. Finally, the faculty, composed as it is of many individuals, can be thought of as having research agendas that are shaped to some large extent by the direction of research in each person's own discipline and specialized field, which naturally encompasses research being done around the country and the world. Faculty members are thus interested primarily in research within their own special area; seldom would it include the kind of institution-wide project on the provost's list. As we have seen, faculty exert what power they wield within the university through their work in departments, each of which corresponds to a

broad discipline.

Since faculty are the workers in universities who do the research, any foundation-supported program involving research must involve inevitably faculty. But faculty members are essential for a second reason: quality-control. In order to do a competent job of evaluating any proposal, a foundation must turn to experts able to judge the quality of its potential product. Since few foundations employ staff members who have this expertise, foundations must rely on the recommendations of scholars to advise them on the merit of individual proposals. One ready source of expertise is the academic departments already established in universities. A foundation can simply make grants to departments, leaving it to those departments to allocate research dollars to the most worthy uses. But for most foundations this is an unattractive option, for the same reason it is unattractive to provosts: they both have reason to distrust the university's academic departments to make the best use of additional funds, believing that departments will be reluctant to make hard choices, to venture outside of their home disciplines, or to pursue emerging lines of inquiry using the newest research methods. Funds given to departments, they fear, will simply result in business as usual rather than significant advances.²⁰ As I illustrate in the following section, one way that foundations reconcile their general distrust of disciplines with their dependence on faculty is to provide support in forms that cannot easily be used by academic departments in traditional ways.

²⁰ Two exceptions to this avoidance of departments have been attempts to streamline graduate training undertaken by the Ford Foundation and the Andrew W. Mellon Foundation. In both cases, grants were made to departments with, in the latter case, important strings attached. See Geiger (1993, pp. 227-229) and Bowen (2005, p. 4).

Another consequence of the conflicting interests among the three actors described here is a somewhat adversarial environment for negotiation. Thus, in dealings between the foundation and either of the university actors, the following principle applies: each university actor wishes a grant to have the least possible collateral effect on his or her actions, that is, the minimum possible impact on otherwise planned projects. On the other side of the coin, the foundation wishes its funds to have the *maximum* amount of effect on behavior. One way by which foundations attempt to achieve this is by providing “seed money” for novel programs, at the expense of ongoing operating support (Cheit and Lobman 1974, p. 74; Frumkin 2000). Indeed, some foundations make it a rule, formally or informally, not to fund any activity for more than three to five years, or not to provide funding for endowments, thereby maximizing its control over how its funds will be used. According to one of its former program staff, one of the largest foundations quite deliberately maintained such a time limit on most of its grants reasoning that most grantees would otherwise over time begin to forget about the grant, its source, and its original purpose.²¹

V. Two Approaches, with Illustrations

Some evidence can now be cited to support the foregoing generalizations. In this section I cite several cases of foundation support of higher education that encompass many individual grants and span several decades. In the following section I examine a large number of individual

²¹ Novelty also implies a distinctive purpose; thus a related tendency is to shy away from activities that are otherwise well positioned to receive financial support from other sources, such as research in fields where National Science Foundation grants are plentiful. See Kohler (1991, p. 163) and Geiger (1993, p. 100), for examples.

grants made in a recent year in order to discern patterns in current support. As to the cases, it is possible to discern two broad approaches that foundations have taken. One is to provide support for universities more or less as they are. The other is to provide support in forms that necessarily require significant modifications in operation, if not in structure. Although not always clearly distinguishable, these represent two general approaches that have been taken by foundations in their attempt to improve the functioning of institutions they see in need of help. The question is, what kind of help?

Strengthening Institutions as They Are

One approach to the aid of higher education has arisen from a view that, with all their strengths, colleges and universities lack the necessary infrastructure, administrative wherewithal, or self-understanding. One form of such support are general institutional grants, such as those described by Chait and Lobman (1979) as “sustenance.” Prominent examples are the handful of foundations that make long and sustained grants to particular institutions, such as the Duke Endowment to Duke, the Woodruff Foundation to Emory, and the Weatherhead Foundation to Harvard and several other universities.²² Other foundations have focused on particular aspects of infrastructure, such as the Carnegie Corporation of New York and the Andrew W. Mellon

²² In the case of the Duke Endowment, the bulk of its aid of higher education is specified by its charter in the form of specified percentages of income to be directed to four colleges and universities. These institutions, along with the percentages of total income assigned to each in the Duke Endowment’s original indenture are: Duke University (32%), Davidson College (5%), Johnson C. Smith University (4%) and Furman University (5%). <http://www.dukeendowment.org/pdf/ind.pdf>, last accessed 12/26/04. For a description of the Weatherhead Foundation, see the *Harvard Gazette*, November 6, 1997, <http://www.news.harvard.edu/gazette/1997/11.06/WeatherheadsDev.html>.

The Ford Foundation’s Challenge Grants, noted below, were similarly unrestricted, but were not sustained over a long period.

Foundation's support of university libraries.²³ Similar in effect is Mellon's JStor project, established in 1995 to collect, store, and make available back issues of academic journals, in electronic form. Using optical character recognition technology, the stored records provide an exact replica of the original journal pages, making it unnecessary for university libraries to store back issues and greatly reducing the time required to retrieve articles. Although not manifested as grants to individual institutions, this project bolsters the infrastructure of universities in general. Other examples of grants for institutional support are enumerated in the analysis of individual grants presented below.

Closely allied to these forms of financial support are foundation-supported studies designed to strengthen institutions by improving techniques of administration and general understanding of the enterprise itself. For example, as the American Depression was pushing universities to the financial brink, the Carnegie Foundation for the Advancement of Teaching published *Economy in Higher Education* (1933, p.vi), with the express aim of presenting "a reasoned compendium of pertinent knowledge" to help guide colleges and universities through the crisis. This is but one of many studies published by this foundation devoted to general issues facing colleges and universities. In the 1970's the Carnegie Commission on Higher Education sponsored numerous studies covering various aspects of higher education.²⁴ Taken together, this

²³ See, for example, Radford (1984).

²⁴ The range of issues covered by studies sponsored by the Carnegie Commission on Higher Education is illustrated by a selection of study titles: *Higher Education: Who Pays? Who Benefits? Who Should Pay?*; *Governance of Higher Education*; *The Campus and the City*; *Reform on Campus*; *The More Effective Use of Resources*; *Changes in University Organization, 1964-1971*; *The Future of Higher Education*; *The Rise of the Arts on the American Campus*; *The University as an Organization*; *Professional Education*; *The Multicampus University*; *The New Depression in Higher Education*; *The Finance of Higher Education*; *The Economics of the Major Private Universities*; *A Classification of Institutions of Higher Education*. Web site for the Carnegie Foundation for the Advancement of Teaching, http://www.carnegiefoundation.org/publications/publication_archive.htm#commission, last accessed 3/28/05.

effort is credited with a profound influence in how higher education is conceptualized.

In choosing institutions to support, foundations have displayed a decidedly elitist orientation. From the early decades of the 20th century they have concentrated support, especially for research, on elite institutions.²⁵ An illustration of this elite bias may be observed in the relative stability in patterns of foundation support over time. Table 1 lists the universities that received the most in grants over roughly the first third of the 20th century from the nine large foundations that gave most of the support for higher education (Hollis 1938, pp. 274-5). What is immediately obvious from this list of familiar names is that they are, by and large, still among today's most prestigious universities, and this impression is supported by the high rankings these universities enjoy using three criteria. It is readily apparent that most of the institutions favored in the early decades by these foundations are today among the country's premier universities, a correlation that, as Geiger (1993, p. 106) notes, suggests both cause and effect.

Redirection and Reform

The alternative approach that has marked foundations' support of universities begins with a different presumption, that the missing ingredient is not so much financial strength as it is the clarity or wisdom necessary to make improvements. Given this dim view of universities' ability to chart a productive course, it should not be surprising that foundations have sought ways to impose reform from the outside. One way to do this is to commission studies that will show the way to reform. The famous Flexner report, financed by the Carnegie Foundation for the

²⁵ Lagemann (1989, p. 154) calls them "trend setting universities." This view is also illustrated by the sentiment in such foundations as Rockefeller and Carnegie to "make the peaks higher." See, for example, Kohler (1987, pp. 151) or Seybold (1980, pp. 273-4).

Advancement of Teaching, did just that for medical education, spurring its transformation from a parochial form of vocational training into the science-based profession we know today.²⁶

An important consequence of the reformist orientation exemplified by these efforts was to create new entities within universities that were independent of traditional academic departments. These structural changes were one instrument by which foundations, allied with university administrators, could wrest some control from entrenched academic departments without losing the necessary participation of faculty themselves. For much the same reason foundations also found ways to bypass university structures altogether by turning to independent research-oriented bodies. Three cases illustrate these two approaches.

²⁶ For discussions, see Lagemann (1983, ch. 4) or Wheatley (1988).

The National Bureau of Economic Research. A view held among business and some academic leaders in the decade before 1920 was that public debate about economics issues needed unbiased information, in part to offset what was perceived to be a rising tide of socialist and anarchist opinion. According to one such leader, “The antidote to these movements must be found in a dissemination among the mass of people of simple, fundamental economic facts, told in understandable form.”²⁷ Thus was born the NBER, which was chartered in 1920 as a “fact-finding agency” and supported in part by grants from the Carnegie Corporation, the Commonwealth Fund, and the Laura Spelman Rockefeller Memorial.²⁸ Founded on principles of quantitative research and impartial judgment and explicitly abjuring policy recommendations, it appointed economist and business cycle expert Wesley C. Mitchell of Columbia as its first president. In 1930 it commissioned a study on national income by Mitchell’s student Simon Kuznets that would become the basis for national income accounting. Although it has university representatives on its board of directors, the NBER has always been independent of any university. Yet it involves many university faculty in its research activities. In 2005 it had some 850 economists and other social scientists, virtually all of whom held university faculty appointments, affiliated with it as research associates or faculty research fellows.

Rockefeller philanthropy, social science research, and the Social Science Research Council. At about the same time that the NBER was getting organized, Rockefeller philanthropy in the form of the Laura Spelman Rockefeller Memorial and later the Division of Social Sciences

²⁷ Henry Pritchett, quoted in Lagemann (1989 p. 55).

²⁸ The quotation is from Wesley C. Mitchell’s notes (Lagemann 1989, p. 59). See also Fabricant (1984, p. 30).

in the Rockefeller Foundation actively sought to build up sociology and other social sciences, stressing the importance of empirical, problem-oriented, and interdisciplinary research. It utilized newly created special research institutes both inside and outside of universities.²⁹

Examples of the former include the Local Community Research Committee at the University of Chicago, the Institute for Research in the Social Sciences at the University of North Carolina at Chapel Hill, Harvard's Department of Social Relations (which is now defunct), the Russian Institute at Columbia, the Institute of International Studies at Yale, and the Institute for Social Research at Michigan.³⁰ From their creation, these units were distinct from existing departments; only the Department of Social Relations would assume a status in its university comparable to conventional departments.

Of the special institutes outside universities, the most prominent for social science was the Social Science Research Council (SSRC), which relied on committees of university professors to shape research agendas and award fellowships and other support. The SSRC was dominated by faculty from the country's elite universities. In the years between the world wars, for example, over 70% of those receiving postdoctoral fellowships came from just 11 universities: Chicago, Harvard, Columbia, Stanford, Yale, U.C. Berkeley, Wisconsin, Minnesota, Penn, Michigan, and Cornell (Fisher 1993, p. 199). Through its support of the SSRC, according to Fisher (1993), the Rockefeller funds attempted to transform the way social science research was done by erasing the boundaries between the disciplines. The SSRC in turn hoped to

²⁹ For discussions, see Bulmer (1982, pp. 186-191), Fisher (1983, p. 219), and Kohler (1987, p. 142).

³⁰ For the history of these units, see Curti and Nash (1965, p. 231-3), Bulmer (1982, p. 189), Robinson (1984, p. 78), Nielsen (1972, p. 41), Robinson (1984, p. 78), and Lagemann (1989, p. 166).

“obstruct the long-term trend” in the established disciplines, an objective that was at best only partly achieved.³¹

Ford Foundation’s Challenge Grants. In the wake of the near quadrupling of its assets in the late 1950s, the Ford Foundation made a series of large capital grants to private colleges and universities for the stated purpose of shoring up the financial well-being of higher education’s private sector. The bulk of these grants were in the form of Challenge Grants, which required the institution to match, at a three-to-one rate, the Foundation’s grants with institutional fundraising. The top beneficiaries -- Chicago, Columbia, Stanford and NYU – each received \$25 million in grants to match another \$75 million from its own donors. Besides the infusion of money themselves, according to Geiger (1993, pp. 111-115), the lasting effect was to invigorate the fundraising enterprise by demonstrating the potential returns from aggressive efforts. In light of the contemporary tendency for universities to conduct virtually continuous capital campaigns, this demonstration seems quite significant.

University-based centers. Following the pattern of other foundations that had established university-based research centers, the Ford Foundation in the 1960s and 1970s attempted to reform universities by funding efforts within and across institutions to boost research on topics related to urban areas, foreign countries, and women. In a bold attempt to focus the attention of universities on the problems of urban areas, it launched several major efforts in the 1960s and the early 1970s to foster related research and to encourage universities to become interested in local policy questions. These included short-lived “urban extension” units at a few public

³¹ Fisher (1993, pp. 213-244, quotation on pp. 237-8). See also Bulmer (1982, pp. 186-191).

universities and research centers connected to another dozen mostly private universities, allowing them to establish, among other things, endowed professorships. Complementing the research done in these centers, Ford also funded a research-oriented group of economists called the Committee on Urban Economics administered by Resources for the Future (Pendleton 1975).

Ford made similar efforts to entice universities to go into international studies and women's studies. Following an explicit strategy that began with individuals – both prominent faculty and promising students – and then moved to institutional support, Ford helped to create area studies research and centers (Magat 1979, pp. 103-106). Likewise, Ford supported women's studies by creating fellowships for faculty and graduate students, following the pattern it had followed in area-studies. By 1990 Ford and other foundations also supported the creation of special research centers on college campuses, beginning with one at Stanford funded by Ford and one at Wellesley funded by the Carnegie Corporation.³² By 1990 over 600 colleges and universities established women's studies programs.

VI. Patterns of Recent Foundation Grants to Higher Education

To gain a more detailed idea of the types of grants now being made to institutions of higher education, I classified by purpose a portion of the grants made by private foundations in 2003. In an attempt to achieve a reasonable representation of grants, I selected the foundations making the largest value of grants in each of four subject areas listed by the Foundation Center and examined those for which information on individual grants was available on the Web.³³ The

³² See Peretto (1999) for an analysis of the impact of this support.

³³ To construct my list of foundations, I began by looking at those foundations listed in the top 10 in total

26 foundations identified in this way are listed in Table 2. I obtained brief descriptions of all grants of \$200,000 or more from these foundations to colleges, universities, or scholarly organizations dealing with faculty and research. Imposed to keep the tabulation effort manageable, this minimum dollar amount surely biases the resulting measures by under-counting smaller grants, which may be predominantly made up of fellowships and research grants made to individuals. To provide a sense of the magnitude of their giving to higher education, Table 2 lists the total of all classified grants from each foundation (being an underestimate because of the \$200,000 minimum). Four foundations made large grants to higher education of over \$50 million: Lilly, Gates, Mellon, and Robert Wood Johnson, and another 12 foundations gave at least \$10 million. Two of the foundations on the list, the Duke Endowment and the Woodruff foundation, are closely associated with individual universities – Duke and Emory. It is worth emphasizing that, given the method used to construct it, the list given in Table 2 does not purport to be a complete listing of all foundation giving to higher education or even to include all of the foundations giving the most, but is rather intended to be merely a representative list of large foundations supporting higher education.

My aim in collecting this information was to characterize the nature of foundation

giving for 2002 in the following four categories: education, health/medical research, public affairs/society benefit, and social sciences (*Foundation Giving Trends 2004*, Table 6.) I supplemented that list by adding any other foundations in the top 25 in total giving to higher education in 2002 (“Top 100 Foundations Giving to U.S.-Based Recipients for Higher, Graduate, and Professional Education and Educational Institutions, Circa 2002,” unpublished table copyrighted by The Foundation Center, 2004.) In order to simplify the tasks of collecting data and classifying grants, I examined only grants of \$200,000 or more. The web sites for all the foundations were searched for lists of grants distributed for the year 2003 (or 2002 if 2003 was not available). Descriptions and amounts were collected for all grants to higher education, or research organizations.

Of the 26 foundations listed in Table 2, 19 appear among the top 30, and another 4 are among the next 30, in the Foundation Center table, “Top 100 Foundations Giving to the U.S. Based Recipients for Higher, Graduate, and Professional Education and Educational Institutions, Circa 2002.” The remaining three are Atlantic Philanthropies, Richard King Mellon Foundation, and the Howard Hughes Medical Institute.

support by examining descriptions of the large grants actually made in a year. Based on the very brief descriptions of grants typically listed in foundation reports, I divided the grants into 12 categories, which are shown in Table 3. Several of these categories are self-explanatory and were in fact rather straightforward to apply in most cases, despite the brevity of grant descriptions typically given in foundation reports. To be sure, this brevity might well lead to some incorrect classifications. In addition, some grants surely contained funds spanning more than one function, such as program development grants that included money for construction or research grants that included money for community outreach. Nevertheless, most of the categories seemed more or less straightforward: undergraduate scholarships, graduate and post-doctoral support, faculty support, construction, libraries, computer and communication systems, and support for other organizations. It is the remaining four categories that may provide more potential for error in interpretation; for this reason as well as for their quantitative importance, I discuss these categories in more depth and offer examples of each.

These four categories included two each under research support and what I called other programs. Support for individual research projects was distinguished from that for research centers or support for research enterprises encompassing more than a single project. The individual research category is illustrated in Table 4 by over a dozen topics in social science and medicine. These are classified under “individual” because the available evidence suggested that they were specific topics with not more than a few principal investigators, rather than support for larger research efforts. By contrast, the second category includes grants supporting established research centers as well as other collaborative efforts with an apparent research focus. As for grants supporting other programs, I differentiated grants that supported the receiving institution

from those that involved collaboration with other institutions or outreach to some community beyond the institution's walls. Among the projects of the first sort listed in Table 4 are support for an endowment to fund undergraduate research projects, a new department, an outreach program for youth leaders, and a program to help women on welfare. A longer list of grants illustrates the kinds of other projects not obviously housed in a single institution. These include a wide variety of projects for international and community outreach and advocacy projects.³⁴

These examples illustrate, first, that classifications based on short descriptions are at best very inexact and, second, that there exists tremendous diversity in the university projects that are supported by foundations. This said, it is useful to return to Table 3 in order to get a rough idea of the relative importance of these categories. A notion of the relative magnitudes goes something like this. About a third of all the tabulated grant support was devoted to research, most of that going for general research support to central administrations or to free-standing research units. Another third went for non-research projects that are not otherwise classified in the remaining categories. The greater part of the support devoted to projects in this category was devoted to activities internal to institutions, including curriculum and teaching; the remainder involve outreach to the community and world. The next largest category is financial aid -- for undergraduates, graduate students, and post-docs -- amounting to a sixth of the total. The only other category accounting for as much as a tenth of the total is construction and renovation. While infrastructure thus received a significant share of foundation support to higher education,

³⁴ Assignment to categories was based on the information that foundations make public describing their individual grants. Given the brevity of these grant descriptions, it was not always easy to distinguish between general research support and other programs external to the institution.

the largest categories of grants represent research and other new programs. Very little support, it must be added, was directed to academic departments. It was much more common for funds to be sent to independent units, either within universities or outside their walls.

VII. Implications and Interpretations

In light of these various observations, the model of competing interests described above yields four implications for foundation-university interactions.

Faculty are Necessary, Departments are Not

For any project involving research, both foundations and university administrators need card-carrying research scholars, most of whom are employed as university faculty. These faculty are needed not only for doing the research but also for evaluating research done by others. Just as provosts employ outside scholars to assist them in making tenure and promotion decisions, foundations also use university faculty to provide quality-control advice. By using faculty to advise them in this way, foundations can take advantage of the disciplinary standards, the ready supply of specialized experts, and the lines of communication that are essential parts of the existing national professional associations. Most commonly, this quality-control function takes the form of peer-review, a familiar technique used in the grant-making process of such government agencies as the National Science Foundation and the National Institutes of Health.

Despite the necessity of using university faculty to provide the quality-control function, foundations have been disinclined to go to the academic departments where faculty are housed. Whether or not this is motivated by the view of departments as defenders of the established

academic order and therefore not ideal conduits for initiatives that involve institutional change, foundations have often chosen to support university research centers that are independent of departments. Foundations can bypass university strictures altogether, by employing such organizations as the Social Science Research Council or the National Bureau of Economic Research, whose imprimatur provides the Good Housekeeping seal of approval certifying that grant money is being used for worthwhile projects undertaken by reputable scholars. Thus foundations can solve the problem of evaluation without having to operate its own review apparatus.³⁵

While this dependence on intermediary institutions for quality-control has the effect of weakening the power of academic departments, it does not necessarily weaken the influence of disciplines. By maintaining the standards of research and establishing the issues worthy of study, the disciplines continue to exert an influence over the kinds of research that foundations support.

Foundations Prefer the Comprehensible

Owing to the pragmatic bent of their leaders and their general desire to have an impact, foundations evince a decided preference for the visible, the practical, and the comprehensible, as distinct from the abstract, the theoretical, and the esoteric. One corollary to this orientation is the tendency to favor expenditures that are relevant to the experience of all college students, such as

³⁵ For historical treatments of the use of intermediary organizations, see, for example, Hollis (1938 pp. 250-51, 274 ff), Seybold (1980 p. 285), and Fisher (1993, p. 206).

buildings and scholarships, as opposed to those that mainly touch the lives of doctoral students and faculty. Such expenditures may have special appeal for the kind of private elite institutions from which many foundation officers graduated. Their high tuitions make scholarship aid especially important, and the lack of public funding for construction and renovation makes them particularly needy in this respect (Geiger 1986, p. 79). As shown in Table 3 of the current paper, scholarships and fellowships accounted for a sixth of the large foundation grants tracked, and another tenth went to construction and renovation projects.

When it comes to research, foundations are more interested in solving the world's problems than in settling debates among scholars. Research into the esoteric questions debated in disciplinary journals or the methodological approaches that figure prominently in required graduate courses is unlikely to be supported by foundation grants. This orientation often leads in the direction of research that spans disciplinary boundaries, such as area-studies, American Studies, urban studies, women's studies, and public administration.³⁶ Not surprisingly, the established academic disciplines rarely embrace such interdisciplinary efforts. For example, Stigler (1967, p. 273) opined that the area-studies institutes established at some universities with foundation support have made "no important contribution to economic theory or to research methodology, nor, in close relationship, have those institutions attracted or trained two economists of the very first rank."³⁷

While it may have prevented explicit forays into disciplinary dialogues, this pragmatic

³⁶ While generally avoiding strictly disciplinary research, foundation leaders often hold disciplines in high regard. See Pendleton (1974, p. 15), for example.

³⁷ It may be that this scorn of interdisciplinary approaches is particularly strong among economists. See Leonard (1989) for a related discussion.

mindset may nevertheless have led to important advances that would come to be embraced in the academy. One of the explicit aims of the Rockefeller funds in the 1920s was to encourage the development of a new brand of empirically-based social science research. In economics, foundation support of large-scale projects within universities (including Leontief's input-output analysis at Harvard) or outside them (such as Kuznets' work on national income accounting at the NBER) paved the way for a radically different scale of research projects and new ways of thinking about the economy.³⁸

Rivals Weaken Bargaining Position

Just as the existence of competitors weakens a firm's ability to raise its selling price above marginal cost, the existence of similarly situated rivals will tend to weaken a player's bargaining position. This is perhaps easiest to see in the case of universities. Even the most prominent of universities has rivals which would be willing and able to undertake a given activity were the funds available. Thus in preparing its proposal to foundation F, for example, university A will be constrained in its requests by the knowledge that universities B and C could easily undertake a similar program. But if university A has no rivals in a particular area – is, in effect, a monopolist – it will enjoy greater bargaining power. Faculty, in their negotiations with foundations, are essentially in the same position. In either case, the existence of potential rivals makes the grant applicants more interchangeable, and thus expendable, from the standpoint of

³⁸ Stigler (1967, p.280). Also see Bulmer (1982, p. 190) and Fisher (1983, p. 219) for discussions of the importance to some foundations of empirical and practical research topics.

the foundation. But what is good for the goose is also good for the gander. Where there are multiple sources of funding for a particular kind of activity – this can include government agencies and corporations as well as other foundations – the provost or the faculty researcher wishing to get funding for a proposed project should be in a better position to secure the funding without having to compromise. Stigler (1967, p. 283) writes this about competition between foundations:

The competition is in at least some part a competition for the projects of distinguished scholars, and to this degree increases the scholar's role in the formulation of projects. Both the acceptance of general professional opinion and the competition for scholars work to reduce the directive influence of the foundations. Their influence becomes secondary to the values and goals which the science itself produces.

On the other hand, if our foundation F is “the only game in town” when it comes to supporting a certain type of program, applicants will be in no position to call the shots, and thus the foundation will be in a stronger position to set the agenda of research.³⁹

Interaction Discourages Candor

As with other forms of bargaining, the interactions surrounding foundation grant-making inevitably have built-in incentives encouraging puffery or outright misrepresentation, most of it on the side of the applicants. Virtually all grant applicants responding to a request for proposals

³⁹ A possible corollary to this fourth principle is the tendency for foundations to direct their funding toward areas with relatively fewer alternative funding sources. Since medicine and the natural sciences receive comparatively generous funding from government agencies such as the NIH and NSF, foundations probably are inclined to look elsewhere for perceived “gaps” in support, for research to support. Kohler (1987, p. 163) documents this tendency.

will take the time and trouble to emphasize how the proposed project will conform to the granting agency's wishes. Basic self-interest urges the applicant to identify if not accentuate these areas of overlap. Beyond this, the temptation exists to employ rhetorical devices that might otherwise be classified as exaggeration, if not worse. To be responsive to foundations' focus on new projects, for example, universities will have an incentive to describe proposed activities as new initiatives rather than as continuations or revisions of old ones. Observers such as Stigler (1967, p. 277) and Frumkin (1998, p. 276) believe that such relabeling does in fact occur.

A qualitatively different but effectively similar variant of this kind of incongruence between proposal and action is a kind of fund substitution sometimes called "triangulation." In the same way that any budgetary unit can subvert the intent of funding intended to pay for a specified initiative, a recipient can dress up an existing activity as a new one. It can then use the funds received to pay for another activity, one not mentioned in the grant. If successful, this ploy converts a targeted grant into unrestricted revenue. After the Ford Foundation directed substantial funding in the 1960s and 1970s to graduate departments in elite universities, for the purpose of reducing time-to-degree, some of its officers felt slightly snookered when average time actually increased. They felt that the departments had used the grants as general funding without trying hard to make changes. (Geiger, p. 228). In whatever guise, the incentive to engage in deception of any kind will likely be reduced to the extent that a university and a foundation have repeated dealings with each other.

VIII. Conclusion

To consider the effect of private foundations on colleges and universities, an empirically-minded researcher would like to have information not only on grants made but also on such items as communications sent, applications submitted, revisions made, proposals debated, results reported, and effects caused. Clearly, data of this sort are not and are not likely soon to be available. The research approach adopted here as a substitute has been to review some of the historical and analytical literature about foundations, particularly on their interaction with colleges and universities, to consider some of the fundamental characteristics of both foundations and universities, to examine in some detail actual grants made by foundations to universities, as well as historical examples of foundation support, and to think about how some simple economic notions about bargaining might be applied to the present case. What emerges from this consideration is a stylized interaction that pits foundations against university faculty and their central administrators. All of the participants attempt to pursue their own objectives to the extent possible, but not everyone can be completely successful because the participants' aims are not entirely compatible. Still, it is reasonable to conclude that, as in most on-going relationships, both sides benefit.

My approach in this chapter has been positive rather than normative. I have sought to describe, document, and explain rather than to judge existing interactions against some standard of efficiency or fairness. The reader may justly infer that I do not share the editors' dismay over current foundation-university relations. This difference in outlook may arise from our different foci: while the editors are most concerned about foundation support for teaching and general administrative functions of colleges and universities, I have devoted more of my attention to research. When it comes to teaching, I agree that higher education has been unwilling or

unsuccessful in improving the “production process” in the way that education policy matters have aimed to do at the K-12 level. Nor have colleges and universities shown the same enthusiasm for institutional change schemes as that demonstrated either by K-12 education or business. When it comes to research and policy-related activities, however, foundations and higher education have achieved a rather productive interaction. Foundations have offered resources, and university actors have responded in sensible ways, sometimes in ways that strengthen organizations outside of universities altogether. The foundation-university relationship, in my view, remains a productive one, but it is not one that lends itself to simple assessment.

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Table 1. Institutions Receiving the Most Grant Support from Nine Foundations, 1902-34 and their Contemporary Rankings

Institution, and 1902-34 rank ^a	Contemporary rank based on total grants:		
	Federal ^b	Foundation ^c	US News ^d
1. Chicago	3	28	14
2. Vanderbilt ^e	40	–	18
3. Carnegie Mellon ^f	62	58	22
4. Johns Hopkins	2	19	14
5. Columbia	10	4	9
6. Yale	22	25	3
7. Harvard	13	3	1
8. Cornell	6 ^g	32	14
9. Duke	28	5	5
10. California Institute of Technology	1	93	8
11. Washington University	20	48	11
12. University of Rochester	51	–	37
13. Princeton	50	18	1
14. Tulane	91	87	43
15. University of Iowa	38	–	58
16. Stanford	5	17	5
17. University of Pennsylvania	7	1	4
18. Swarthmore	–	–	--
19. New York University	52	15	32

Sources:

a. Hollis (1938, Table XII, p. 274).

b. Rank based on revenue from the federal government in 1999/2000 (U.S. Department of Education, *Digest of Education Statistics 2002*, Table 341, p. 383).

c. Rank based on “Top 100 Recipients of Grants Awarded to U.S.-based Organizations for Higher, Graduate, and Professional Education and Educational Institutions, circa 2002,” (Foundation Center, 2004).

d. “America’s Best Colleges 2005, National Universities: Top Schools.”Downloaded from www.usnews.com/, 1/11/05. Swarthmore ranked number 2 for Liberal Arts colleges.

e. Includes Peabody College.

f. Rank for 1902-34 for Carnegie Institute of Technology.

g. Rank based on total grants received by medical, endowed, and statutory schools.

Table 2. Grants to Higher Education and Scholarly Organizations of \$200,000 or More in 2003, Selected Foundations

Foundation	Number of grants	Total value of grants (\$ million)
Lilly Endowment, Inc.	42	\$95.5
Bill & Melinda Gates Foundation	17	\$87.2
Andrew W. Mellon Foundation	103	\$76.0
Robert Wood Johnson Foundation	78	\$59.7
The Starr Foundation*	48	\$38.2
Robert W. Woodruff Foundation	9	\$36.8
The W.K. Kellogg Foundation	13	\$31.8
The Duke Endowment	36	\$31.1
The Ford Foundation	38	\$23.6
David and Lucille Packard Foundation*	39	\$22.8
The Atlantic Philanthropies	19	\$19.2
The John D. and Catherine T. MacArthur Foundation	16	\$17.8
The Alfred P. Sloan Foundation	23	\$13.6
The William and Flora Hewlett Foundation	17	\$12.2
The Whitaker Foundation	52	\$12.1
The Rockefeller Foundation	20	\$11.8
The Brown Foundation	8	\$ 9.2
Richard King Mellon Foundation	8	\$ 8.2
Lumina Foundation for Education	12	\$ 7.4
Howard Hughes Medical Institute	14	\$ 7.0
M.J. Murdock Charitable Trust	12	\$ 5.5
The J.M. Olin Foundation	14	\$ 5.4

The Spencer Foundation	8	\$ 3.0
The Annenberg Foundation	2	\$ 2.9
Carnegie Corporation of New York	5	\$ 2.7
The Pew Charitable Trusts*	1	\$ 0.5

Source: Foundation web sites, see text.

*Totals are for 2002.

Table 3. Grants to Higher Education and Scholarly Organizations of \$200,000 or More, Selected Foundations

Grant category	Amount (\$ millions)
Undergraduate scholarships	\$ 62.4
Graduate fellowships, post-doc support	\$ 41.7
Faculty, including salaries and leaves	\$ 19.1
Construction and renovation	\$ 69.8
Libraries, other than construction	\$ 9.0
Computer and communication services, other than libraries	\$ 11.4
Research support	
Individual research projects	\$ 66.3
General research support, research centers	\$ 136.2
Other programs	
Internal to institution	\$119.2
External to institution	\$ 87.6
Technical support organizations (e.g. JStor, ArtStor)	\$ 8.5
Other professional organizations	\$ 10.2
Total	\$641.4

Source: Foundation web sites, see text, author's calculations.

Table 4. Examples of Specific Foundation Grants to Colleges and Universities, Four Categories, 2003

Research support: individual research projects

- The role that race and ethnicity play in transition from high school to college
- The role of religion in U.S. African immigrant communities and their civic engagement
- To better understand the perceptions of and access to financial aid information by low-income youth
- To support research on the effects of affordable housing on children's well-being
- To develop model approaches to reduce student high-risk drinking
- For research on barriers to Native American substance abuse treatment and welfare system
- For development of best practices for treatment of depression in primary care
- For comparing the effects of Internet based cardiopulmonary disease monitoring program
- To support a study: 'Does Hospice Save Medicare Money?
- To support a study: Success in the Making: Life Course Patterns of Urban Youth.....
- To support a study: Contact between Two-Year Colleges and Employers
- To support a study Neuromechanical Determinants of Postural Responses
- To support a study Photoencapsulation of Stem Cells for Cartilage Tissue Engineering
- To support a study Magnetic Resonance Flow Imaging for Congenital Heart Disease
- To support a study Stem Cell Driven Regeneration of Craniofacial Sutures
- To support continued development of a firearms injury national reporting system

Research support: general research support, research centers

- For support of the Center for Retirement Research for assessing older adults employment opportunities
- To advance interdisciplinarity in the biological sciences, particularly life sciences
- To understand better how faculty develop and use interdisciplinary knowledge
- For the Coastal Resources Center to strengthen sustainable development practices of coastal mariculture
- To strengthen the capacity of the university's Civil Rights Project to disseminate new research
- For collaborative work among African-American, Caribbean and women faculty
- For a collaborative research project on religion and transnational migration among immigrants of Florida
- To expand the Institute of Population and Reproductive Health
- In support of the Consortium on Chicago School Research analysis of Chicago Public Schools
- In support of scientific and technical training and research on international security by the Security Studies Program
- In support of research by its Center for Urban Economic Development

Other programs: internal to the institution

To support a permanent endowment for undergraduate humanities research program
To support core programs in the humanities
To support the summer transition program
To establish the Molecular Genetics and Microbiology Department
For the National Young Leaders program at the Kennedy School of Government
For medical education and research
Precollege Science Education Grant for Institution
To support curricular revisions
For program to support the development of experiential education programs
To support the development and deployment of a peer-to-peer network infrastructure for academic purposes
To support the design of new models of foreign study for undergraduate students

Other programs: external to institution

To support a program of assistance to Latin American libraries and archives
To launch a planned collaborative program to recruit undergraduates to the library profession
To support the implementation of a consortial post-retirement medical insurance agency
To support collaborative research with Appalachian colleges
To increase Trinity's academic engagement with Hartford youth and health groups
To implement the Bay Tech Standard Campaign at 26 community colleges
To assist in establishing a statewide interdisciplinary telehealth program for improving child health
To support the Primary Care Children's Mental Health Initiative
To develop partnership with SC Network of Children's Advocacy Center concerning child abuse treatment
For the Center for Justice, Tolerance and Community to expand its research and public education programs
To convene an international symposium on contraceptive research (Inst of Medicine, NIH)
To support strategic planning activities
To establish a self-sufficient network of colleges and universities with accelerated degree programs for working adults
In support of the Network of Youth Mental Health Care
In support of the Stanford-Harvard Preventive Defense Project by the Belfer Center for Science and International Affairs
In support of the Harvard-Sussex Program to promote global prohibition of biological and chemical weapons
For technical assistance and direction for Developing Leadership in Reducing Substance Abuse program
For addressing substance abuse treatment for hard-to-employ women on welfare
To continue the Youth First Project in Pakistan

To continue efforts to improve early abortion services in the United States
To assist in developing a Caring Communities Program to aid healthcare programs
To improve the wellness of children in the residential homes in the Carolinas

Source: Foundation websites

4/19/05