Enrollment Challenges at Liberal Arts Colleges: A Literature Review

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The mission of liberal arts colleges historically focuses on liberal arts education and students’ holistic development, aiming to support students who demonstrate qualifying academic performance, leadership, and cultural and geographical diversity (Baker & Baldwin, 2015; Bruggink & Gambhir, 1996; Burrell, 2008). However, the decline of enrollment since the 1970s has been a primary concern for many liberal arts colleges, largely due to students’ changing attitude toward careerism, increasing competition in the sector of higher education, and the rising cost of attendance. Liberal arts colleges respond to this challenge by modifying academic programs, recruitment strategies, and financial aid policies. This review of the extant literature will examine previous work outlining the enrollment challenges at liberal arts colleges before providing strategies and implications in addressing the problem.

Keywords: enrollment, vocationalism, financial management, institutional mission

During the last decade, over 20 liberal arts colleges have closed due to financial unsustainability and another 40 liberal arts colleges have been acquired by or merged with other institutions (“Closing Liberal Arts Colleges,” 2015). A key factor contributing to these developments is declining enrollment at liberal arts colleges as tuition and fees is a major revenue source for these institutions. Declining enrollment numbers continue to force many liberal arts colleges to revisit their mission and adjust recruitment strategies to stay competitive for prospective students. However, some of these strategies raise questions of financial aid policies and institutional selectivity, requiring liberal arts colleges to balance between its historical identity and organizational adaptation. This study will review the mission of liberal arts colleges, enrollment and financial challenges facing liberal arts colleges, and current strategies to overcome these obstacles during times of enrollment uncertainty.

Mission of Liberal Arts Colleges

Historically, the mission of liberal arts colleges typically focuses on liberal arts education and students’ holistic development (Baker & Baldwin, 2015; Burrell, 2008). According to Hawkins (2000), liberal arts colleges were established as four-year institutions that focus on baccalaureate degree candidates and were “resistant to highly specific vocational preparation and insisting on a considerable breadth of studies” (p. 23). Previous empirical studies indicated that liberal arts colleges rendered better undergraduate educational outcomes, such as cognitive development, intercultural effectiveness, and leadership (Longenecker, 2009; Pascarella, Cruce, Wolniak, & Blaich, 2004; Pascarella, Wang, Trolian, & Blaich, 2013; Seifert et al., 2007). In terms of student population, these institutions were originally established to educate privileged white males at a young age (Lang, 2000). Today, admissions officers at liberal arts colleges, especially for the highly selective ones, tend to accept students who demonstrated qualifying academic performance, leadership, and cultural and geographical diversity (Bruggink & Gambhir, 1996). Accordingly, more learning objectives, such as citizenship, social responsibility, and community service, became inseparable from the philosophy of liberal arts colleges (Lang, 2000).

Liberal arts colleges often vary widely with respect to their targeted student population and funding sizes and sources (Sarat & Basu, 2014). For example, based on the mission of building high-character citizens and training leaders, these institutions concentrate on supporting individuals to develop holistically with their learned college experience. Despite their different student populations, religiously affiliated, coeducational, and women’s liberal arts colleges all adapt the basic model to meet their specific needs at the regional level or national level (Horowitz, 2005). While some institutions are highly selective, most are moderately selective, and some are almost open access. Institutional expenditures per student also greatly vary among liberal arts
colleges, depending on their financial condition (Astin, 2000). Thus, these mission differences pose difficulties in generalizing enrollment challenges for all types of liberal arts institutions.

In general, the mission of liberal arts colleges was challenged in the 1970s. Students and their families started to frequently question the goal of “developing well-rounded students” in the process of college choice, as they showed concerns over future employment after obtaining a liberal arts degree. In the 1970s, the proportion of freshmen who aimed to be financially successful almost doubled from the previous decade (Hawkins, 2000). Breneman’s (1994) study found that over half of liberal arts colleges reduced a large proportion of liberal arts degrees awarded from 1972 to 1988, shifting their focus toward vocational education to better meet market demands. This movement toward vocationalism, however, was criticized as the abandonment of the core mission of liberal arts colleges (Hartley, 2003). Ferrall (2011) studied 225 liberal arts colleges from 1988 to 2008, predicting that the movement by liberal arts colleges toward a greater focus on vocational programs could continue and even accelerate in the future.

Facing students’ changing attitude, liberal arts college leaders started to redefine their institutional mission and institutional purpose. Chaffee (1984) examined 14 liberal arts colleges experiencing financial challenges during the 1980s and emphasized that adaptive strategies should always be developed and implemented based on institutional mission. Delucchi (1993) studied 327 liberal arts colleges and stated that many institutional academic mission statements were actually inconsistent with the professional curriculum they offered. According to Delucchi (1993), “in a meaningful sense, the United States has lost many liberal arts colleges” (p. 423). Knox, Lindsay, and Kolb (1993) legitimized this inconsistency by stating that, even if a college offered professional programs, retaining its liberal arts claim was significant to strengthen loyalties to the institution and emphasize its public reputation. Today, 254 baccalaureate colleges are classified as arts and sciences focused by the Carnegie Foundation (2016), and 245 private, not-for-profit colleges are identified by the 2016 U.S. News and World Report (2016) as liberal arts colleges. The expanding clientele set and academic programs of liberal arts colleges require revisits of the historic mission of these institutions.

**Declining Enrollment and Financial Challenges**

Like many other higher education institutions, liberal arts colleges are substantially influenced by the changing social environment. After the boom in liberal arts degrees in the 1960s, the number of degrees awarded by liberal arts colleges dropped substantially in the 1970s, largely due to the impact of vocationalism (Duffy & Goldberg, 1997). Ferrall (2011) examined national survey results and demonstrated that careerism is “at the heart of the demand for
higher education” (p. 50). Between 1977 and 1991, there was a steady decrease of yield, which is the percent of accepted students who enroll, from 47.7 percent to 35.3 percent (Breneman, 1994). This trend suggests that institutions have to keep recruiting more students and increasing the number of admitted students in order to meet enrollment needs and maintain selectivity (Breneman, 1994). In the 2000s, only 17 percent of all postsecondary students enrolled in small liberal arts colleges, and only a quarter of all undergraduates received liberal arts degrees, compared to roughly half of the student population in the 1960s (Burrell, 2008; Kirp, 2003). Empirical studies also found that some student characteristics could hinder the probability of being accepted at liberal arts colleges, such as being racial minority, female, low-income, and working class (Baum & Goodstein, 2005; Harper & Griffen, 2011; Pallais & Turner, 2006). This preferential admission, consciously or unconsciously, limited enrollment and diversity at liberal arts colleges (Cockburn, Hewitt, & Kelly, 2013).

In the meantime, increasing competition for the most academically talented students intensified the enrollment crisis for liberal arts colleges. For example, with universities replicating many of the liberal arts programs, such as the honors program, some students choose to enroll at comprehensive universities instead of smaller private, liberal arts colleges (Kimball, 2014). Although Ferrall (2011) used an analogy of “mice and elephants” to represent the differences between liberal arts colleges and large public universities, the competition for the best students exists, especially when the size of high school graduates diminished (p. 74). Facing this challenge, liberal arts colleges may consider newer forms of education, such as online education, as a provocation to “improve their offerings and assert their place in the higher education landscape” (Scholz, 2013, p. 249).

A final contributing factor of the declining enrollment is the high tuition and fees at liberal arts colleges. While the tuition for higher education overall has been escalating over the years, the 2015-16 published annual price to attend a private non-profit four-year institution was $43,921, when compared with $19,548 for attending an in-state public four-year institution, including tuition and fees, and room and board (Ma, Baum, Pender, & Bell, 2015). Even with larger financial aid deductions, the average net price for attending a private non-profit four-year institution was $26,400, when compared with $14,120 for attending an in-state public four-year institution (Ma et al., 2015). According to another College Board report, 54 percent of bachelor’s degree recipients in private nonprofit four-year institutions had a cumulative debt of over $20,000, while only 39 percent of graduated from public four-year institutions had the same level of debt (Baum, Ma, Pender, & Bell, 2015). Thus, it is not surprising that previous studies found that the high cost of attendance at liberal arts colleges led to a significant reduction of admitted students who chose to enroll in liberal arts colleges (Buss, Parker, & Rivenburg, 2004; Parker & Summers, 1993)
The increasingly competitive market and decreasing enrollment had a negative financial impact on many liberal arts colleges because tuition often serves as a significant source of institutional revenue (Hartley, 2003). For some liberal arts colleges, survival became an organizational priority. Facing economic stress and changing student attitudes, 334 liberal arts colleges closed or changed their standing as liberal arts colleges between 1972 and 1988 (Breneman, 1994). In their follow-up with the 212 colleges that Breneman (1994) studied, Baker, Baldwin, and Makker (2012) revealed that 82 of them were no longer classified as liberal arts colleges. Moreover, Hilbun and Mamiseishvili (2016) studied three liberal arts colleges’ survival stories during the Great Recession of 2007, demonstrating that external forces, such as economy recession, could significantly reduce endowments, negatively affect enrollment, and eventually disable the current fiscal practices. Finding the balance among enrollment size, published price, financial aid, educational quality, and reputation is vital for liberal arts colleges to be competitive and to develop a sustainable financial plan.

**Enrollment Strategies and Financial Solutions**

Some scholars indicated concerns over the future of liberal arts colleges, if these institutions do not adapt to the environment soon (Burrell, 2008; Hartley, 2003). One advantage for liberal arts colleges is that weak central control allows them to vary from each other tremendously, encouraging colleges to seek innovative approaches to adapt to specific demands. These strategies were implemented in the areas of enrollment, academics, fiscal management, and personnel (Hilbun & Mamiseishvili, 2016). For example, with adapted recruitment strategies, changing curriculum, and newly-developed financial aid policies, Trinity Washington University (2010) actually increased its student body during the last decade. When enrollment increases, institutions will have a better financial situation to ensure its educational quality, reputation, and marketability.

As early as the 1980s, many liberal arts colleges employed enrollment-driven strategies to attract and retain students (Hartley, 2003). One of the recruitment strategies adopted by liberal arts colleges was to de-emphasize test scores as an admission standard, which was claimed to fit the institutional mission (Shanley, 2007), increases diversity, and maintains high academic standards at the same time (Zwick, 2007). A more recent study argued that the test-optional policy enhanced institutional reputation, but did not increase the proportion of low-income students and minority students (Belasco, Rosinger, & Hearn, 2015). Because liberal arts colleges’ efforts of targeting special groups of applicants to achieve diversity goals are often unmet, expanding the applicant pool and recruiting students from diverse backgrounds were plausible strategies to increase enrollment (Bruggink & Gambhir, 1996). Antecol and Smith (2012) gave an example of using the Early Decision Program as an enrollment tool to
identify and admit inelastic demanders who were more likely to be full-pay students. The revenue generated from these students could be used to attract diverse students or improve educational quality. By studying private universities and liberal arts colleges, Antecol and Smith (2012) found that institutions facing more competition for students are more likely to adopt an Early Decision Program to support their enrollment needs.

Additionally, the most common strategy to meet student demands and increase enrollment is to add professional programs to the current curriculum. Doss, Troxel, and Sumrall (2010) studied one liberal arts college and recommended full degree programs as a viable method of increasing revenues and enhancing its competitiveness in the market. In 1986-87, only 33 liberal arts colleges awarded 30 percent or more vocational degrees to their students, but this number increased to 118 liberal arts colleges in 2007-08 (Ferrell, 2011). Besides adding professional programs, liberal arts colleges also made other modifications to the current programs and curricula to increase enrollment. Some institutions developed semester-long programs in adult education or professional studies in order to increase enrollment and diversify their revenue streams (Stimpert, 2004). While the more selective colleges did not have the need or simply refused to endanger their reputation by shifting curricula toward vocational programs, less-selective institutions had to respond to the market to survive.

While liberal arts colleges often charge comparatively higher tuition and fees, these institutions have been actively developing financial aid programs to increase enrollment. Kirp (2003) provided an example of a liberal arts college that had to admit more than 80 percent of its applicants but still experienced an enrollment shrink due to problematic financial aid policies. Several empirical studies indicated that an increase in tuition and fees at liberal arts colleges negatively impacted the number of admitted students who chose to enroll; however, this negative effect can be offset by higher financial aid levels (Moore, Studenmund, & Slobko, 1991; Summers, 2004). In another example, the freshman class was increased at a liberal arts college, but the tradeoff was to offer more than 80 percent of these freshmen a discounted price of 52 percent of the published tuition (Kirp, 2003). According to Neely (1999), increasing enrollment could further harm the financial situation at liberal arts colleges because “no student pays the full cost” and increased spending on financial aid could lead to cost-cutting measures in other educational programs (p. 43). Therefore, many liberal arts colleges found themselves simultaneously increasing tuition to generate revenue and offering tuition discounts to attract students (Stimpert, 2004).

Implications and Concluding Thoughts

Optimists doubt the long-term commitment to liberal arts education at other types of higher education institutions, so liberal arts colleges may witness
enrollment growth by merely staying authentic to their historical mission (Kimball, 2014). A different perspective suggests that the essence of higher education today is about “adaptation, innovation, creativity, and management actions focused on the developing set of strategies that can help organizations and the people in them break through gridlocks, flourish, and even survive” (Burrell, 2008, p. 268). While highly selective liberal arts colleges have more flexibility in terms of finances, curricula, and student admission, most institutions do not have that privilege when facing prospects of enrollment decline and institutional survival.

Given the enrollment crisis, liberal arts colleges should be conscious of potential financial difficulties. Hilbun and Mamiseishvili (2016) stated that liberal arts colleges are a group of the most financially and operationally vulnerable institutions in higher education. Simply cutting costs, carrying out aggressive fundraising strategies, or increasing tuition can create additional adverse side effects that include low faculty morale or a homogenous application pool. None of these potential outcomes can lead to a sustained revenue stream and stable organizational structure. As liberal arts colleges rely not only on tuitions but also donations and endowments, maximizing fundraising resources in good economic times could be another way to build a safety net for future years. Even the top tier liberal arts colleges have changed their spending and saving patterns between 1996 and 2001, preparing themselves for an unexpected economic downturn (Kaufman & Woglom, 2005).

Various forces can pressure liberal arts colleges to adapt to the changing environment, and it is critical for these institutions to revisit their institutional mission and core values. First, emphasizing and reaffirming the institutional mission has a significant meaning in justifying institutional legitimacy and claiming a unique identity. It is important that individuals share the understanding of a common purpose in this sense-making process, so they are able to “construct a more meaningful institutional life,” especially during times of financial crisis (Hartley, 2003, p. 99). Furthermore, a clearly articulated institutional mission plays a critical role in maintaining enrollment and adjusting curricula. Students choose to enroll at a liberal arts college because of the value of the undergraduate education that attracted them and not merely the amount of tuition discounting. Finally, institutional mission and identity could benefit liberal arts colleges’ ability to adapt. Being clear of its core strengths and values is essential for liberal arts institutions to separate themselves from other types of higher educational institutions. Only with full understanding of its own priorities and future objectives could liberal arts colleges make informed decisions on whether they should change or not.

The federal administration has placed vocational training in a critical role in higher education, focusing on workforce development to meet vocational needs for multiple fields (e.g. health information technology, advanced manufacturing, and clean energy). Whether liberal arts colleges will follow this
vocational trend and adapt, or take an alternative route to preserve their survival and reputation is a question for their academic core. Effective leadership is significant for the success of liberal arts colleges whether one is referencing curricular decisions, finances, enrollment management, and so forth. Leaders should be aware that how a liberal arts institution responds to the enrollment challenge depends on its own context, and broad participation should be encouraged in the decision-making process to realize institutional goals (Hilbun & Mamiseishvili, 2016). Though liberal arts colleges vary widely, they should continue to abide by the core institutional mission, establish collaborations to explore ways to revitalization, and further contribute to student success and the overall higher education landscape.
References


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